

Cuban General Defects

U.S. Calls Him Senior Official With Key Data

WASHINGTON — A senior Cuban general has defected to the United States...

Cuba denounced the defection of Brigadier General Rafael del Pino Diaz as "strange and treacherous conduct"...

The State Department spokesman, Charles E. Redman, said Friday that General del Pino had told U.S. authorities he had recently been appointed deputy chief of staff of the Armed Forces Ministry...

Mr. Redman indicated that the Reagan administration looked on General del Pino as a defector of considerable importance.

As a senior military official with experience reaching back over many years in several areas of Cuban activity, he is obviously in command of significant military and political information, Mr. Redman said.

General del Pino was once head of Cuba's civilian airline, Empresa Cubana de Aviación, was a delegate to two Communist Party congresses and has written two books, Mr. Redman said.

A broadcast by the Armed Forces Ministry in Cuba said a military medical commission had suspended General del Pino as a combat pilot on Jan. 27 because of "successive states of psychic stress and eye problems."

"His record of service for many years was, without a doubt, meritorious and consequently the revolution awarded him with promotions, greater responsibilities and other honors," the broadcast statement said.

"He enjoyed all due consideration and always received treatment that was both fraternal and correct," it added. "No incident See CUBA, Page 5

Kiosk Argentine Senate Backs Amnesty

BUENOS AIRES (AP) — The Argentine Senate approved a bill Friday that would exempt from prosecution at least 200 middle-level military officers who are accused of human rights atrocities during military rule from 1976 to 1983.

The bill was approved by a vote of 23-4 after President Raúl Alfonsín added colonels and brigadier generals to the list of officers to be exempted. The measure would leave about 40 generals open to prosecution on atrocities. The bill is to be returned to the House of Deputies.

Detail of a Peder Severin Kroyer painting, an example of kitsch on the way up in art markets. Soren Melkian in Arts/Antiques. Page 10.

GENERAL NEWS

South African commando raids killed three Mozambicans, Maputo said. Page 2.

A Moscow company conducted an election for a new director, but many employees are not allowed to vote. Page 2.

BUSINESS/FINANCE The main gauge of future U.S. economic activity plunged 0.6 percent in April, its biggest fall since 1985. Page 13.

Down close: DOWN 19.11 The dollar in New York: DM £ Yen FF 1.818 1.632 143.75 6.0685

West German Lands Plane at Kremlin

By Felicity Barringer New York Times Service

MOSCOW — A 19-year-old West German pilot flew a single-engine aircraft from Helsinki to Moscow on Thursday night and, according to a witness, landed unimpeded next to the Kremlin wall less than a block from Red Square.

The Soviet news agency Tass issued a brief bulletin on the incident Friday evening, saying that the plane had entered Soviet airspace on the Estonian coast at Kohla-Järve.

"The flight of the plane over Soviet territory was not intercepted and it made a landing in Moscow," Tass reported.

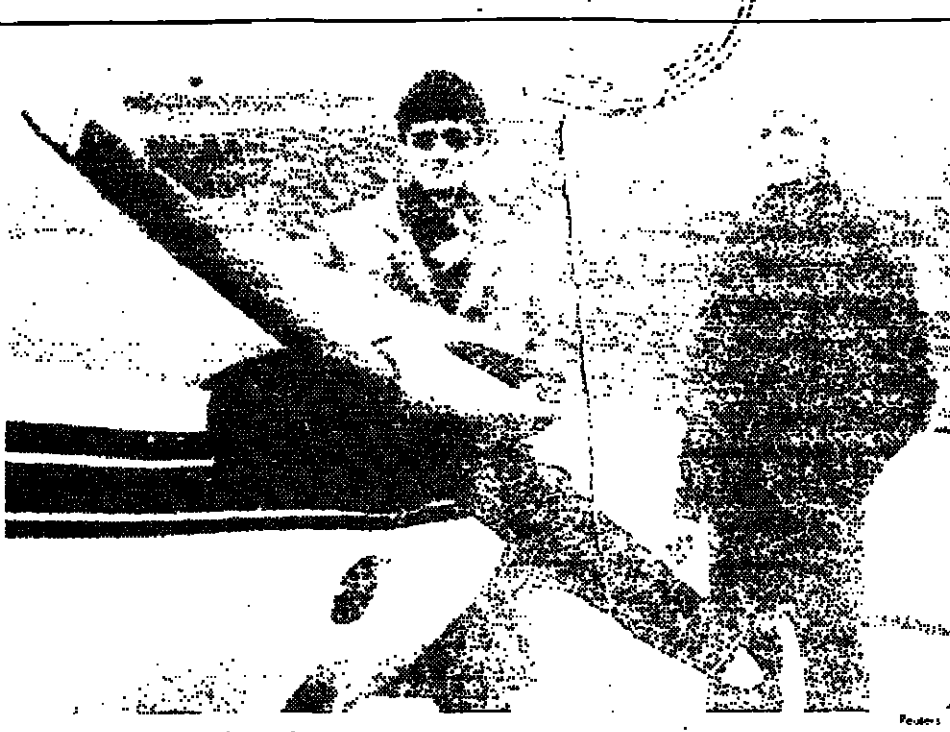
"The competent organs are conducting an investigation of the case," the dispatch concluded.

It did not mention the Red Square landing.

The Finnish aviation authorities identified the pilot as Matthias Rust.

The plane flew over the Soviet capital at about 7 P.M. and circled over Red Square before landing near the Moscow River, according to Margaret Seabury, an American schoolteacher who walked into the square moments after the plane landed. It came particularly close to the huge department store GUM, which faces the Kremlin, she said.

Moscow is the only city in the world which, in addition to standard anti-aircraft defenses, is ringed by a set of anti-ballistic missiles designed to shoot See PLANE, Page 5



Matthias Rust, left, with his brother Ingo in an undated photograph taken at the Uetersen airport near Hamburg, from which he started his flight bound for Scandinavia.

Japan Unveils \$42 Billion Growth Plan

By Clyde Haberman New York Times Service

TOKYO — Japan unveiled on Friday a \$42 billion program to stimulate its economy and promote exports, a move aimed at appeasing its trading partners.

Prime Minister Yasuhiro Nakasone, in a nationally broadcast news conference, said, "I have completely put my promises to foreign countries into action."

Other government officials sought more bluntly to head off anticipated criticism that Japan had promised to take decisive action many times, only to have its trade surpluses continually grow.

"Let me stress that this is different from the past packages," Kunio Miyazawa, a senior official at the Economic Planning Agency, told reporters. "We're really going as far as we can. So do trust us."

The program, in the form of a proposed supplementary budget, is the largest ever announced.

It represents Japan's main effort to head off U.S. and European hostility to its trade practices before the summit conference of leading industrial nations that begins June 8 in Venice.

[In Washington, the U.S. trade representative, Clayton K. Yeutter, lauded the plan and said he hoped it would be approved quickly by the Diet, Japan's parliament. Reuters reported.]

The \$42 billion consists of \$23.2 billion in national and local public-works programs; \$7.1 billion in tax cuts; \$5 billion in eased housing loans; \$1 billion in direct government purchases of foreign goods; reduced bank rates and disaster-relief projects.

The measures signaled a break by the government from the fiscal austerity that Mr. Nakasone had preached since taking office in 1982.

The program will be submitted See JAPAN, Page 17

Soviet Sends 3 Minesweepers to the Gulf

By Jim Hoagland Washington Post Service

BAGHDAD — The Soviet Union has dispatched three minesweepers to the Gulf in an incremental buildup of Soviet and American naval forces along the periphery of the Iran-Iraq war, according to military and diplomatic sources.

The minesweepers are to join two Soviet frigates that have been operating in the Gulf since the end of last year.

While their military significance is still uncertain, separate Soviet and American decisions this month to expand their roles in protecting shipping in the Gulf are likely to work politically in favor of Iraq, according to Western and Third World diplomatic sources here.

The step-ups in superpower activity are occurring as Iraq has launched a vigorous campaign to get the Soviet Union and the United States more deeply involved in the region and to get them to force Iran to the negotiating table, these sources assert.

They believe that Iraq's president, Saddam Hussein, can now pursue such a medium-term political strategy, saying he has stabilized his regime, which was endangered by military and diplomatic reverses six months ago.

Iran has failed to follow up the bloody offensives it launched in the south last winter around Basra and fighting has died down on that front in recent weeks.

The Iraqis, meanwhile, have launched a brutal counterattack in the country's mountainous north-eastern region, reportedly using chemical weapons for the first time on a large scale in the north and destroying at least 100 villages to deny civilian support to Kurdish guerrillas.

Baghdad is steadily moving toward a significant improvement in its economy; the completion of new pipeline facilities that will add 500,000 barrels a day in crude oil exports to its current total of 1.3 million. The project is due to be finished in two to three months.

"Saddam Hussein has gutted out what looked like a losing hand," a Western diplomat said, "and has got Iraq back into the game. Unless Iran springs a surprise offensive in the next week or two, Saddam has won himself six to eight months to regroup."

Despite the lull along the crucial southern front and in the air war, Iran and Iraq each predict that their war, now in its seventh year, is entering a decisive political stage, with Iraq quietly encouraging the superpower presence in the Gulf and Iran denouncing it.

"We are at the beginning of the final part of the war," an Iraqi official quoted Mr. Hussein as having said in a recent private meeting. The official's comments suggested that Baghdad expects the growing risk facing Soviet and American naval forces to bring new pressures for a negotiated settlement to a war See AID, Page 5

Reagan Vows To Protect Ships Against Iran, Soviet

WASHINGTON — President Ronald Reagan vowed Friday to protect the "freedom of navigation" in the Gulf, saying that neither Iran nor the Soviet Union would be permitted to interrupt the supply of oil to the West.

"Our goal is to seek peace rather than provocation," Mr. Reagan said in a statement he read to reporters at the White House. "But our interests and those of our friends must be preserved."

In London, Prime Minister Margaret Thatcher said Friday that Britain had received no formal request from the United States for assistance in defending Gulf shipping but would consider such assistance if asked.

Senior U.S. officials told Congress on Friday that the United States was exploring military cooperation with its European allies. At a news conference during her re-election campaign, Mrs. Thatcher said: "Of course we would consider cooperation if those proposals are put to us."

Reagan administration officials said earlier that the United States would begin military escorts of Kuwaiti oil tankers flying the U.S. flag as soon as the president decided to go ahead.

In his brief statement, Mr. Reagan did not say when he would make such a decision. At the Pentagon, sources said the actual escorting of Kuwaiti tankers inside the Gulf would not begin for several weeks because of the size of the operation.

Administration officials said they had reached agreement with congressional leaders under which Kuwaiti tankers could receive U.S. protection with congressional consultation.

Many leaders in Congress have expressed fears that the move would draw the United States into the Iran-Iraq war. Kuwaiti tankers have been a special target of Iran since last fall.

Mr. Reagan opened his statement by recalling the oil embargoes of the 1970s and the "enormous dislocations" they caused in the United States.

He said: "This will not happen again. Not while this president serves. I'm determined our national economy will not be held captive."

Marvin Fitzwater, the White House spokesman, said Mr. Reagan had met with his national security advisers and "received a detailed presentation on the military plan to protect United States flag and naval vessels and approved the plan for further development."

An administration official, meanwhile, said the White House and congressional leaders had reached an agreement under which the administration would be free to put the Kuwaiti tankers under U.S. protection and then report to Congress.

The official said the agreement was worked out Thursday in meetings held by Frank C. Carucci, Mr. Reagan's national security adviser; Robert C. Byrd, Democrat of West Virginia, the Senate majority leader; and Jim Wright, Democrat of Texas, the speaker of the House.

Arrangements are proceeding to place Kuwaiti tankers under the American flag, probably in the first week in June, with military escort ships to be provided soon afterward, the official said.

He said the agreement called for the Senate and House of Representatives to pass resolutions calling for a report on the reflagging and escorting.

The report would be due within seven days after enactment of the resolution, he said.

The Washington Post said Mr. Reagan's security aides were expected to give Mr. Reagan a plan envisioning a convoy of three or four tankers being escorted under U.S. naval protection every 10 days or so.

The newspaper, quoting administration sources, said the necessary air protection would come from U.S. planes based on carriers outside the Gulf.

One Defense Department official said White House officials are "setting out some clear and concise mission plans and rules of engagement."

association, similar to the relationship between the United States and Puerto Rico.

A 1986 study by the Canadian External Affairs Department advised against annexation, saying it could lead to racial tension as most of the 10,000 islanders are black and most tourists would be white.

Unemployment on the islands exceeds 30 percent.

The islands have relied on off-shore banking and profits from their role as a refueling station for planes smuggling drugs from Latin America into the United States.

East Bloc Ends Summit Without Arms Initiative

By Serge Schmemmann New York Times Service

BERLIN — Mikhail S. Gorbachev and leaders of the six other members of the Soviet military bloc ended a two-day summit meeting on Friday in East Berlin without a substantive new arms initiative.

The annual Warsaw Pact summit meeting had been preceded by lively speculation in the West that Mr. Gorbachev might add another to the series of disarmament proposals he has made over the past year, or perhaps announce a unilateral thinning of the 380,000-member Soviet force in East Germany.

But even before the meeting began, Soviet spokesmen in East Berlin discouraged expectations, saying that the West already had enough Soviet proposals before it.

The deliberations at Warsaw Pact summit meetings are traditionally not made public. But a communiqué issued Friday, and comments at a press conference by Herbert Krolikowski, the East German secretary-general of the political consultative committee of the Warsaw Pact, reported only one novelty, a decision to make public the "military doctrine" of the East bloc alliance. A military doctrine is the basic policy that guides the military planning of a country or alliance.

The purpose was evidently to contrast the pact's profession of a purely defensive military stance to the "flexible response" espoused by the North Atlantic alliance, which does not preclude first use of nuclear arms against a massive Soviet onslaught.

Mr. Krolikowski proposed that the two alliances meet to discuss their military doctrines.

Beyond that, the communiqué endorsed all the operative Soviet proposals, including the "double-zero" proposal to eliminate all U.S. and Soviet medium- and shorter-range nuclear missiles from Europe with ranges of more than 300 miles.

The proposal has generated a scrappy debate in major West European capitals, and particularly in Bonn, where the notion of eliminating both categories of missiles has aroused fears that a nuclear ex-

change would be a step toward the French edition of the Guinness Book of Records.

And he has a firm rule: "If it's completely idiotic," he said, "we won't accept it."

In Belgium, a Chance to Jump, Saw, Tow to Glory

By Peter Maass International Herald Tribune

PEPINSTER, Belgium — The crowd was cheering. "Go José," they screamed. "Allez, you can do it." Children peered anxiously from behind their mothers' skirts. Grown men let out juvenile yelps of excitement.

Everyone was in a tight circle around José Archambeau, the best lumberjack in Belgium, who was trying to slice his way into the Guinness Book of Records. With a power chain saw snarling in his expert hands, Mr. Archambeau was cutting a waist-high log into water-thin horizontal pieces.

The goal was to slice more than 35 pieces, the record, while keeping the severed chips of wood stacked on top of each other like a pile of pancakes. But after the thirty-first chip was sliced, the stack wobbled and fell, unceremoniously, to the ground.

The crowd groaned. On the first day of the "Week of Records" here, a crestfallen Mr. Archambeau had missed his rendezvous with Guinness history.

He blamed the log. Welcome to Pepinster. Nestled in the Ardennes mountains, the town of 5,000 people is playing host for five days to an eccentric band of fanatics who are trying to set more than 40 world records.

That would be enough to make Pepinster the town in Europe with the most of them. More than 15,000 people, along with a television crew from Japan, are expected to witness such unheralded feats as a man jumping rope for 12 hours, someone trying to make the highest pile of telephone directories, and another aspirant putting a 2,000-piece puzzle together in record time.

Pepinster, which set 19 records at its festival last year, wants to outdo the town of Aubigny, France. Last year Aubigny set 28 records at its July festival, winning bragging rights in the French-language edition of the Guinness Book of Records.

Despite the competition, a central goal of the Pepinster festival is to make people laugh. It seems to succeed.

After all, what can one do but laugh when looking at the world's largest beach chair, set up in the town square? The 3,300-pound (1,500-kilogram) monster dwarfs the adjacent City Hall. Across the street stands the world's largest clothesline. It is 5.76 yards (5.3 meters) long and weighs 1,650 pounds.

"There's so much misery in the world," said Luc van Lierde, who plans to pull a 10-ton truck for 436 yards on Sunday. "But here you don't see anyone who's not happy. Everyone is smiling. That's why I'm doing this."

Mr. van Lierde is something of a celebrity in Belgium. Last year, the 250-pounder set a record in Pepinster by tearing 216 phone books in half in 60 minutes. He's got nine other records under his sizable belt, hosts his own television show and is usually followed by a gaggle of youthful autograph-seekers.

"My dream," Mr. van Lierde said earnestly, "is to pull a five-ton truck for 24 hours."

Meanwhile, he is coaching other aspirants to Guinness fame. One of his protégés, Jacques Hanot, went all the way. The portly Mr. Hanot, a 26-year-old butcher, blew into 40 brightly colored hot-water bottles until they burst. He did this in record time of 41 minutes, 36 seconds.

The records set in Pepinster are submitted to Guinness, which sometimes rejects new categories offered by the town.

"If it's too easy, we don't accept it," said Philippe Scall, who is director of the French edition of the Guinness Book of Records.

And he has a firm rule: "If it's completely idiotic," he said, "we won't accept it."

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Canada in Caribbean: Panel Thinks It Over

By Herbert H. Denton Washington Post Service

TORONTO — A tantalizing offer for Canada to annex a chain of balmy islands in the Caribbean is being considered by a special committee appointed by Prime Minister Brian Mulroney.

Prominent citizens of the impoverished Turks and Caicos islands, north of Haiti and east of Cuba, are lobbying to cast off their centuries-old status as a British crown colony for a new relationship with Canada.

Ralph Higgs, president of the islands' development association, visited Ottawa recently, hoping to sell the idea of the island chain becoming Canada's "sunshine province, or sunshine state, or whatever."

A spokesman at the British Embassy in Ottawa indicated that London would be willing to give up its claim if the islanders voted for a change.

Britain has assumed responsibility for defense and foreign affairs of the islands since the 18th century and has given grants annually in recent years for capital projects and aid to cover the recurring \$1 million annual budget gap.

The prospect of having islands in the sun that are a part of Canada, accept Canadian dollars and eliminate the hassle of having to clear customs is alluring to Canadians who flock to Florida and the Caribbean during the long winters. There have been on-again,

off-again contacts with the people of the Turks and Caicos for more than a decade.

"It's an issue that usually pops up in January or February," said David Daubney, a Conservative member of the House of Commons.

Mr. Daubney said Canada could decide to designate the chain as the 11th province, which would require approval by Parliament and the existing provinces. Or it might opt for another arrangement such as

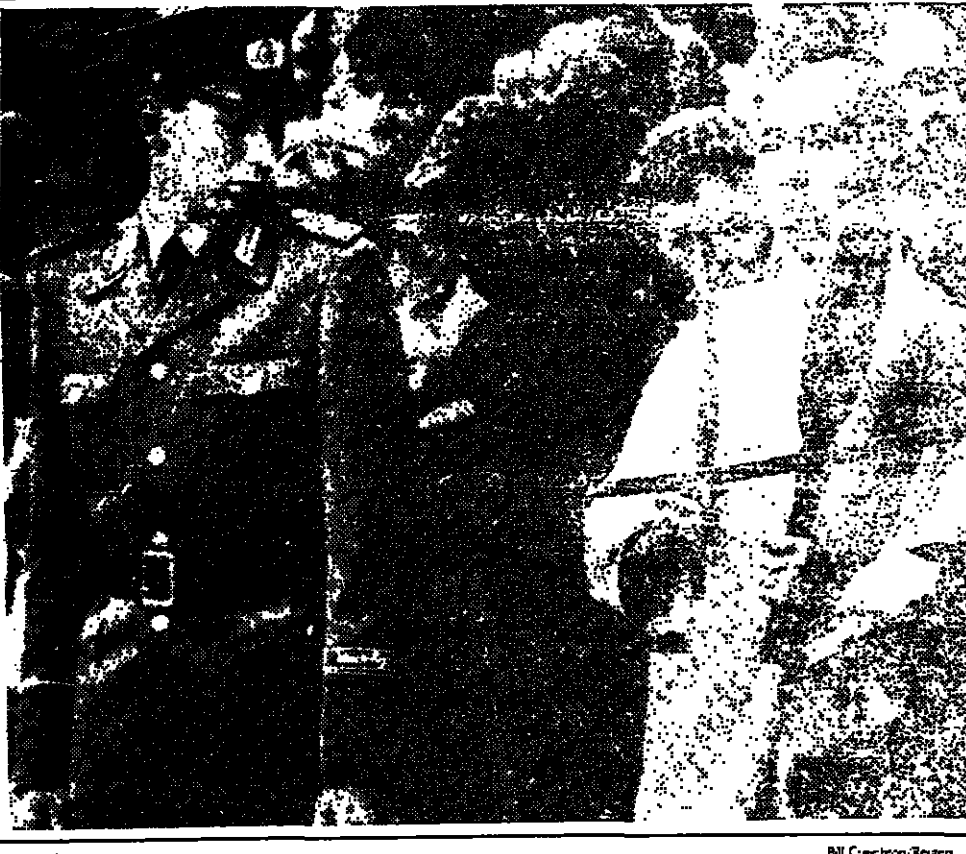
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association, similar to the relationship between the United States and Puerto Rico.

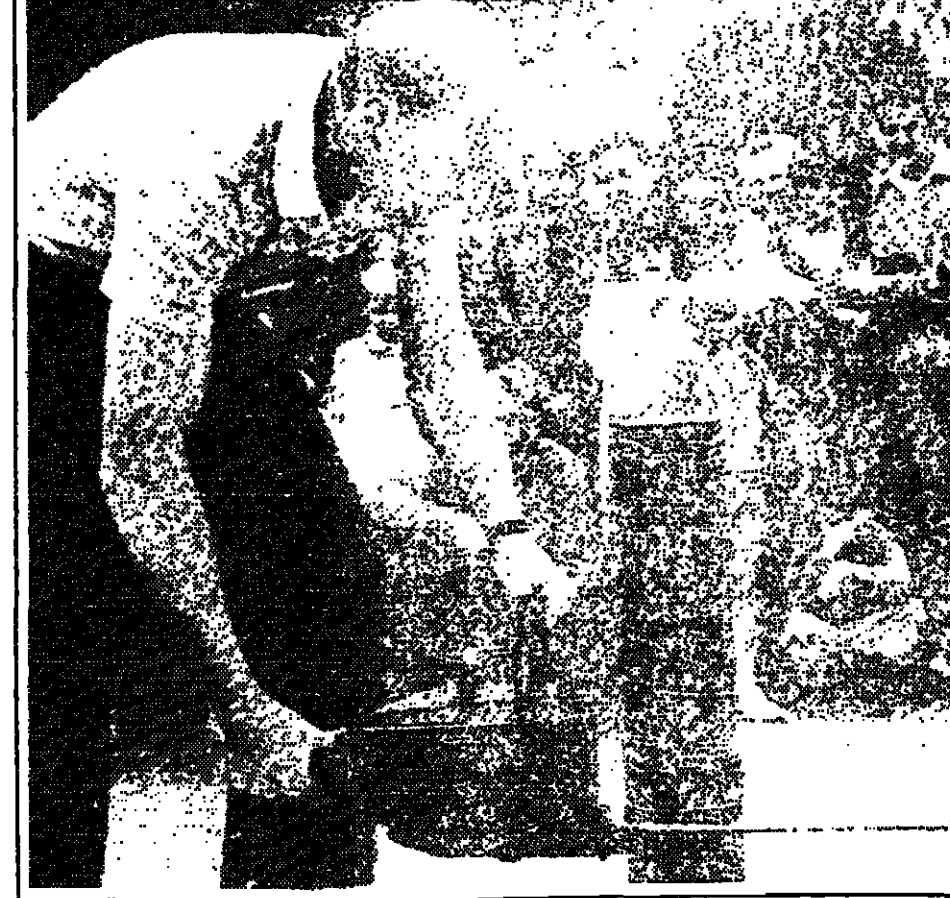
A 1986 study by the Canadian External Affairs Department advised against annexation, saying it could lead to racial tension as most of the 10,000 islanders are black and most tourists would be white.

Unemployment on the islands exceeds 30 percent.

The islands have relied on off-shore banking and profits from their role as a refueling station for planes smuggling drugs from Latin America into the United States.



An East German policeman and a Buddhist peace activist outside city hall in East Berlin.



José Archambeau taking a cut at a Guinness record during the festival in Pepinster.

Charges of a Plot Shock Catholics in Singapore

By Michael Richardson
International Herald Tribune
SINGAPORE — The arrests here of 16 persons, including 10 Roman Catholic Church workers on suspicion of involvement in a clandestine communist network has shocked members of Singapore's influential Catholic community.

Authorities charge that social welfare and student organizations run by the Catholic Church were used by the group as a cover for subversive activities. The group has links in the Philippines, Malaysia and Britain, officials said.

The government said two persons in particular played a prominent role in developing what it called "a Marxist conspiracy to subvert the existing social and political system in Singapore through communist united front tactics."

It named one as Tan Wah Piew, 35, a former Singapore student leader who was jailed for a year in 1974 in connection with an industrial dispute. He went to Britain in 1976 and is still based there.

The other, officials said, is Vincent Cheng, 40, executive secretary of the justice and peace commission of the Roman Catholic Church in Singapore. He was one of the 16 persons arrested last week.

The Straits Times, Singapore's main English-language newspaper, said in an editorial Friday that there was cause for concern that the long-dormant communist threat had re-emerged in changed form.

"No longer is it a movement of mainly poor, secular, Chinese-educated cadres," the newspaper said. "Here the threat came from well-off, well-educated, English-educated radicals who infiltrated not the trade unions, but a religious order noted for its excellent, well-organized structure."

Analysts said Friday that the government's internal security department had been gathering information about the group for years. It decided to detain members of the organization for questioning last week to expose their activities and prevent their influence from spreading, the analysts said.

A statement Thursday by Gregory Yong, archbishop of Singapore, and more than 50 priests said they were "greatly perturbed" at the allegations and arrests.

Christians, nearly half of them Catholics, make up only 10 percent of Singapore's 2.6 million people but have considerable influence in education, the professions, the armed forces and government. Other major religions in Singapore are Buddhism, Taoism, Islam and Hinduism.

Two of the 16 persons arrested last week are Malaysians. One of the two is a journalist.

The government said Mr. Tan was believed to be an agent of a banned communist movement committed to overthrowing the governments of Singapore and Malaysia by force. The group's influence in both countries is now very limited, officials said.

Mr. Cheng is suspected of having built up contacts since 1972 with members of the National Democratic Front, as the Communist Party in the Philippines is known. The New People's Army, the guerrilla wing of the party, recently intensified its insurgency against the government of President Corazon C. Aquino.

Mr. Cheng is also believed to have adopted techniques used by communists in the Philippines to infiltrate church organizations in Singapore, officials said.

An official statement printed in Singapore newspapers Friday said: "In Singapore's multiracial and multicultural society, no religious group and its publications can be manipulated and exploited for either subversive causes or political agitation without grievous consequences."

The arrests were made under the Internal Security Act, which allows indefinite detention without trial.

The law was passed by British colonial authorities before Singapore became independent in 1965. It was used extensively in the 1960s when disturbances and communal violence fomented by communists was a serious problem.

Archbishop Yong and the priests, in their statement, did not question the need for the government to be able to detain people without court warrant or trial. But they said, "We hope and pray that justice will be done and be seen to be done."

Joshua Jeyaretnam, leader of the opposition Workers' Party, said four of the detainees were supporters of his party.

He said that, while some people in Singapore held very leftist views, there were not many of them and he could not classify them as communists.



Sri Lankan Troops Continue Advance

The Sri Lankan government said Friday that its troops, on the fourth day of an offensive against Tamil separatist guerrillas, held all but total control of a strategic sector of the Jaffna Peninsula. Control of the northeastern Vadamarcachi region is the main aim of the offensive. Above, General Cyril Ranawana, commander of the operation, with wounded men about to be taken to Colombo.

An Election Falters in Moscow

Candidates Withdraw, Kremlin Picks Institute Director

By Philip Taubman
New York Times Service

MOSCOW — The 2,000 employees of the Transport Construction Research Institute here tried to conduct an election for a new director this spring, inspired by Mikhail S. Gorbachev's calls for increased democracy.

It did not work out quite the way they planned.

Before the process spluttered to an end in mid-April, all the candidates nominated by the staff withdrew under pressure. 85 percent of the employees were declared ineligible to vote, and an executive selected by the government became the new director.

"We thought we were going to have an experiment in democracy, but we ended up with a demonstration of continued control from the center," a staff member said.

The events at the institute, as described this week by two staff members, seem to reflect widespread problems associated with the introduction of expanded democracy in the work place, a centerpiece of the Soviet leader's campaign for change.

The newspapers have cited similar cases where intervention by government agencies disrupted attempts to elect factory managers and where bureaucrats, reluctant to relinquish control, refused to accept the introduction of more democratic procedures.

There have also been signs of resistance to the Soviet leader's call for changes in the selection of government and party officials, with press reports about rigged nominations and failures to follow the Gorbachev program.

Government elections will be held on June 21, and nominating meetings have already been completed in most districts. There is supposed to be a choice of candidates for the first time in a small percentage of the districts, the first step toward nationwide changes in the electoral system in the years ahead.

Although Mr. Gorbachev has not advocated a shift to anything approaching Western-style democracy and has not questioned the primacy of the Communist Party, he has appealed for greater citizen and worker participation in the selection of government and work place executives.

The initiative is likely to be one of the most difficult for Mr. Gorbachev to carry out, because elections in the Soviet Union have long been carefully managed by the authorities and the concept of real democracy is foreign to the system.

The experiment at the Transport Institute, which specializes in bridge and tunnel engineering for the Soviet railroads, started when its longtime director, Dimitri I. Fyodorov, announced in February that he would soon retire.

Several senior scientists and department heads proposed the election of a new director. The process was approved in principle by the Ministry of Transport Construction, which supervises the institute.

According to the two staff members, who asked not to be identified for fear of retaliation, staff members throughout the institute assembled in March, in a series of meetings, to consider nominations for director.

From a pool of several dozen potential candidates, they chose four, all senior scientists who had worked at the institute for many years.

"The four were selected by majority vote at the meetings, without any outside interference," one of the staff members said.

Absent from the list was the institute's deputy director, Boris A. Bondarovich, who would normally have expected to succeed to the directorship.

When the final list of candidates was posted, Mr. Bondarovich and another institute scientist were included, bringing the number of candidates to six.

Staff members were told that all six had been cleared by the Communist Party unit at the institute, which reviewed their ideological views.

Several weeks later, a deputy minister from the Ministry of Transport Construction held a series of private meetings with the four original candidates selected by the staff.

At the end of the day, without any explanation, the four withdrew their candidacies, the two staff members said.

In mid-April, a notice was posted in the institute lobby announcing that the election would be held the next day. It said that only staff members active in the party and in other official agencies, a total of 300 people, were eligible to vote.

Later that day, according to the two staff members, the heads of the institute's 10 departments spread the news that the Communist Party Central Committee must approve all institute directors. They said that only Mr. Bondarovich and another man, unknown to the institute, were acceptable.

When the voting was completed and the secret ballots had been counted by a special commission selected by the department heads, the new man was declared the winner.

"No one at the institute liked Bondarovich, so they figured it was better to pick a stranger," one of the staff members said.

She added, "At the beginning, everyone was excited by the process but as time passed, people slowly understood that nothing would come of the election."

"We realized that the ministry, just as it has always done, would pick the director," she said.

Raids Kill 3 In Maputo; South Africa Is Blamed

By William Claiborne
Washington Post Service

JOHANNESBURG — The Mozambique government asserted that South African commandos staged a raid Friday on four houses in Maputo, including offices of the African National Congress, and killed three civilians before escaping by boat.

A spokesman for the South African Army command in Pretoria said he would not comment on "unsubstantiated allegations."

A series of recent raids against black-ruled states neighboring South Africa have been blamed on South African security forces.

The ANC condemned the raid in Maputo as a "barbaric act." In a statement issued in Lusaka, the outlawed black nationalist group said that "attacks in Zambia, Zimbabwe, Swaziland and now Mozambique reflect the desperation of the Pretoria regime, which is unable to stop the escalation of the armed struggle."

The raids in Mozambique followed reports in the South African press quoting security officials as saying that a bomb that killed four policemen May 20 in Johannesburg had been assembled in Maputo and smuggled across the border. The ANC has acknowledged responsibility for the explosion.

The raid was the first attack in Mozambique that Maputo has blamed on South Africa since the two governments signed the Nkomati accord, a pact of nonaggression, in March 1984. Under that accord, Mozambique expelled scores of ANC members.

A representative of the official Mozambique news agency, AIM, said by telephone from Maputo that four squads of raiders, which arrived by boat, simultaneously attacked four houses in the capital's fashionable Polana neighborhood, then blew up their getaway cars near a beach and escaped by boat.

The Portuguese news agency Lusa quoted Mozambique officials as saying that two of the dead were Antonio Patugama, former ambassador to Portugal, and his wife, the sister of Mozambique's military chief of staff.

The AIM official said the third victim was a night watchman at a house occupied by South African refugees "in transit" through Mozambique.

He said a house containing ANC offices was attacked by one of the four-man squads, as was a house occupied by a Tanzanian national, when the attackers fled after they were discovered breaking a window.

A South African Defense Forces spokesman in Pretoria said Friday he was "not prepared to comment on unsubstantiated allegations of involvement in incidents in Mozambique."

He added, "There have been similar attempts in the past to link the Defense Forces with incidents elsewhere, for example in Harare recently. In this case, foreign television personnel and others were apprehended."

He was referring to the weeklong detention of three British television journalists in the Zimbabwe capital on suspicion of being involved in recent bombings of suspected ANC targets there. Two of the journalists have been released, but a third, Timothy Leach, a producer for Independent Television News, was still being held.

Mr. Leach has been told he was being detained because of suspicions that he was "directly or indirectly involved" in South African attacks on Zimbabwe, Zambia and Botswana, Reuters reported from Harare, quoting sources in the legal community.

WORLD BRIEFS

U.S. Deports Ex-SS Guard to Austria

WASHINGTON (AP) — A 60-year-old janitor from Chicago who hid his past as a Nazi concentration camp guard during World War II flew to Austria and was stripped of his U.S. citizenship, the Justice Department announced Friday.

Martin Bartsch was listed by the operators of the Mauthausen camp as having shot and killed Max Oshorn, a French Jew, in 1943, according to Neal Sher, head of the Office of Special Investigations in the Justice Department. Bartsch immigrated to the United States in 1955 and was granted citizenship in 1966. Revelation of his Nazi service would have made him ineligible for U.S. citizenship.

Mr. Sher said that a U.S. judge in Chicago issued an order denaturalizing Mr. Bartsch as of Friday. Mr. Sher disclosed that Bartsch signed a sealed agreement a month ago admitting that he had been guard at the Mauthausen camp system in 1943 and 1944. He said that in July 1943, he voluntarily enlisted in the Nazi SS battalion that ran the camp in Austria. Tens of thousands of prisoners died at Mauthausen as the result of shooting, gassing, hanging, starvation and forced labor.

Governor to Hear Hong Kong Views

HONG KONG (UPI) — Sir David Wilson, the governor of Hong Kong, said Friday that all options about the territory's political development will be given a hearing before China regains sovereignty from Britain in 1997.

His statement was made at a news conference two days after the release of a government paper outlining options for political changes and elections before the colony returns to Chinese rule in 1997.

"The government would like to see a system that is responsive to the people in Hong Kong," Sir David said. He added that the government was sponsoring a public opinion survey to determine public views on suggested moves toward democracy, which the Chinese leader, Deng Xiaoping, has indicated are opposed by China. Mr. Deng has indicated that even if a democratic system were in place, the Communist Party would be the final arbiter after 1997.

5 Are Cleared in Deaths on Movie Set

LOS ANGELES (AP) — John Landis, director of "Twilight Zone: The Movie," and four associates were found not guilty of involuntary manslaughter on Friday in the movie industry's first criminal trial resulting from deaths on a movie set.

A Superior Court jury had deliberated for nine days after the 10-month trial of Mr. Landis, George Foley Jr., the associate producer, Dan Allingham, production manager, Paul Stewart, special effects coordinator, and the helicopter pilot, Dorsey Wingo, in the deaths of the actor Vic Morrow and two children. They died when a helicopter, hovering amid special-effects explosions, was engulfed in a fireball and fell on top of them.

The movie industry has seen the case as an indictment of film safety standards and the harbinger of restrictions on explosive special effects.

Seoul Arrests 3 Senior Police Officers

SEOUL (AP) — Three senior police commanders were arrested Friday for allegedly covering up the torture death of a student.

A government spokesman said the commanders were arrested for trying to hide the number of police officers involved in the Jan. 14 death of Park Chong Chul. They were identified as Senior Superintendent General Park Cho Won, deputy chief at National Police headquarters; Superintendent Yu Chong Beng, chief of the Fifth Department of the Anti-Communist Investigation Division No. 2; and Superintendent Park Won Taek, who was Mr. Yu's assistant.

In addition, three junior officers arrested last week were formally indicted on charges of "brutal acts" for their alleged roles in the death, the spokesman said.

Nixon Memo on Democrat Disclosed

WASHINGTON (LAT) — Richard M. Nixon sent a memo in 1971 suggesting he wanted more financial data on the Democratic National Chairman, Lawrence F. O'Brien. Mr. O'Brien's office in the Watergate building was burglarized by men linked to the Republican campaign in June 1972. The memo was among 490,000 pages of White House files of the former president that were released by the National Archives.

In the memo to his chief of staff, H.R. Haldean, Mr. Nixon wrote, "It would seem that the time is approaching when Larry O'Brien is held accountable for his retainer with Hughes." He was referring to a large contract that Mr. O'Brien had with the billionaire Howard R. Hughes. He suggested that Charles W. Colson, another Nixon aide, "make a check on this."

The Senate committee investigating the Watergate scandals never learned of the memo. The panel suggested in its final report in July 1974, however, that the purpose of the Watergate break-in may have been to obtain financial or other information about Mr. O'Brien that could have been useful in the 1972 presidential campaign.

South Africa Frees Black Children

JOHANNESBURG (Reuters) — South Africa has freed hundreds of black children who were detained without trial under the state of emergency, two independent monitoring groups reported on Friday.

The Detainees' Parents Support Committee and the Free the Children Alliance said that in the past week hundreds of the estimated 1,500 children detained had been released. Last month, South African officials said 1,424 blacks between the ages of 12 and 18 were being held under the emergency rule imposed in June.

Swiss Allow French Fugitive to Leave

BERN (Reuters) — A fugitive French casino director convicted of fraud was released from prison Friday and allowed to fly to the Dominican Republic after Switzerland rejected French requests for his extradition, the Swiss Justice Ministry said.

Jean-Dominique Fratton, 64, who ran the Rubi casino in Nice on the French Riviera, was sentenced in 1983 in absentia by French courts to 13 years' imprisonment for fiscal fraud and breaching corporate laws.

A Justice Ministry statement said he was released from prison in Lugano, where he was arrested with seven other foreigners on May 20 for staying illegally in Switzerland. The ministry said that fiscal fraud did not justify his extradition under Swiss law.

For the Record

President José Napoleón Duarte on Thursday dismissed proposals by leftist guerrillas to reopen peace talks and reduce civilian casualties in the civil war in El Salvador. (Reuters)

TRAVEL UPDATE

Danger of Air Collisions Called Critical

WASHINGTON (NYT) — The chairman of the National Transportation Safety Board has told a Senate panel that he believed the danger of mid-air collisions had reached a "critical" level in some areas and that the safety margin for the summer travel season was inadequate.

The official, Jim Burnett, criticized the Federal Aviation Administration on Thursday for rejecting the safety board's proposal to limit peak-hour traffic in especially busy airspace sectors. He said he does not believe that Donald D. Engen, head of the aviation agency, "as yet understands the situation to be critical."

In earlier testimony before the Aviation Subcommittee of the Senate Committee on Commerce, Science and Transportation, Mr. Engen said that his agency was curbing daily traffic when necessary. He said the air traffic system was now safe and promised that "we will not allow the system to go critical."

Paris Metro and bus tickets will be increased by an average of 5 percent Monday, city transport officials said. A carnet of 10 second-class Métro tickets will cost 28.20 francs (\$4.70), and a second-class monthly carnet orange for the two zones in Paris will cost 162 francs. A single ticket will be 4.60 francs and in first class, 6.80 francs. (UPI)

Air traffic controllers in France plan to continue their partial strike on Monday for the seventh week, unless a proposal they submitted Friday afternoon is accepted, union sources said in Paris. The controllers have been striking between 6:30 A.M. and 10 A.M. daily, except on weekends and holidays. (AFP)

British customs officials on a slowdown that has been delaying trucks at English Channel ports started resuming normal work Friday but threatened new action next week in pursuit of a 15-percent pay raise, union officials said. (Reuters)

Hart Indicates Plans to Speak Around the U.S.

By Michael Richardson
Washington Post Service

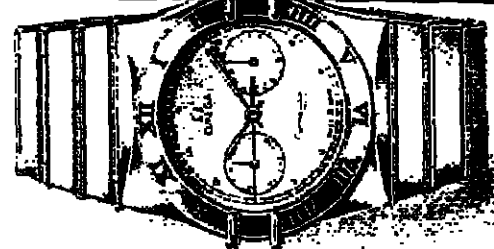
WASHINGTON — Since Gary Hart's withdrawal from the 1988 presidential contest three weeks ago, his friends and supporters have wondered what lies ahead for the former Democratic senator from Colorado.

Mr. Hart, who returned to his law firm in Denver, has not publicly stated his intentions. But he gave some indication of what would and would not be included in his plans in a May 18 letter informing the University of Florida in Gainesville that he would not be returning this fall to complete his lecture series.

"Recent circumstances suggest that the interest of the law school would best be served if I not return to complete my lectureship this fall," he wrote in the four-paragraph letter to Frank T. Reed, dean of the College of Law. "I intend to speak around the country throughout this year concerning a domestic and international agenda, which brought me into public life. I hope our paths will cross."

Jeffrey Lewis, associate dean, said Mr. Hart gave 16 one-hour lectures last winter and was to have returned for two weeks in the fall. He was paid \$32,000 for the first series and would have received \$32,000 more.

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FDA Assails Claims for AIDS Drug

U.S. Officials Indicate Tests on Ribavirin Were 'Suspicious'

By Philip J. Hilts
Washington Post Service

WASHINGTON — Dr. Frank E. Young, head of the Food and Drug Administration, has told a congressional hearing that his agency is investigating "suspicious" test results reported by ICN Pharmaceuticals Inc. on the potential AIDS drug ribavirin.

The commissioner said he personally supervised company officials for making exaggerated claims for the drug.

Milan Panic, president of ICN, said the company would have no comment until the federal agency has finished its review of the case. He said: "We will have no debate or fight with the commissioner in the press. We trust our data will be fairly evaluated."

The drug ribavirin, marketed under the name Virazole by an ICN subsidiary, is a drug that has apparently proved successful in fighting some viral infections.

ICN Pharmaceuticals sought to sell the drug as a treatment for acquired immune deficiency syndrome. At a news conference Jan. 9, company officials asserted that experiments carried out on 163 patients showed that those who received the drug fared better than those who did not.

However, those claims did not hold up under scrutiny by the Food and Drug Administration, said Dr. Young in hearings Thursday before the House subcommittee on oversight and investigations.

Another agency official at the hearing, Dr. Lawrence Hauptman,

a statistician, said the experiments were so biased in their selection of patients that the odds that the bias could have occurred by chance was about one in a hundred for one experiment and about one in eight hundred for a second experiment.

In another accusation made against the company at the hearing on Thursday, Dr. Bernard Bihari said that three company officials had suggested that he use ribavirin to treat AIDS patients even though the drug was not approved for that use. Dr. Bihari is director of the Kings County Addictive Disease Hospital in New York.

Dan Mitchell, director of the agency's office of compliance, said the agency has evidence that the company has shipped ribavirin to doctors for use as an AIDS treatment.

Agency records presented at the hearing now show that in the experiments carried out with the drug in 1986, the sickest patients were put in the placebo group, while the healthier patients were given the 800-milligram dose of the drug.

When statisticians at the Food and Drug Administration corrected for this bias, there was no difference between the fate of those on the placebo and those receiving the large dose.

In a study of patients with AIDS-related complex, an agency medical officer, Dr. Nasim Moleedina, said that 14 deaths have been recorded in those who took 800 milligrams of the drug, 10 deaths among those who took 600 milligrams, and only seven deaths among those receiving a placebo.

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3 Latin Leaders Appeal To Industrial Powers on Lowering Interest Rates

By Shirley Christian
New York Times Service
MONTEVIDEO — The presidents of Brazil, Argentina and Uruguay have appealed to the major non-Communist industrial powers to seek a way to lower interest rates on the foreign debts of developing countries during their meeting in Venice.

The presidents, José Sarney of Brazil, Raúl Alfonsín of Argentina, and Julio María Sanguinetti of Uruguay, met in Montevideo early in the week. They said Wednesday that the recent increases in lending rates constituted a "serious reverse" for their efforts to address their debts.

But they also said they were optimistic about what they were signs that the creditor banks were beginning to agree with the demand in Latin America for a "political solution" to the debt crisis.

Enrique Iglesias, the Uruguayan foreign minister and one of the best-known economists in Latin America, said at a press conference that there was a growing consensus among the debtor countries that the interest on old debt ought to be fixed at 2 percent or 3 percent over a long term.

"We're at the point where you may have to change the package involving the debtors and the lenders," he said. He said that in the last five years the Latin American nations had paid \$130 billion of interest on overall debt of about \$370 billion. He suggested all sides were looking for a way to get out of the bind and move forward.

Noting the recent decision of Citibank to set aside \$3 billion for potential loan losses, he smiled and said "a bank has to have a lot of income to do that."

Mr. Iglesias also said that there were indications that some European banks were going to take similar steps.

Mr. Alfonsín said he was concerned about the possibility that Citibank's decision might mean less "new money" would be available to debtors, but he added that the action was "feeding our hope that a quota will be fixed for the interest that we have to pay."

Brazil ranks second and Argentina third among the most-indebted nations in the developing world, after Mexico. On a per capita basis, Uruguay's debt of \$5 billion is also high.

Argentina, like Mexico and Chile, recently completed what was considered a highly successful renegotiation of a large part of its debt, and managed to have its interest rate reduced. Almost as soon as they completed the negotiations, however, interest rates began to rise, causing new concerns.

Mr. Sarney said he thought that Brazil's earlier decision to suspend interest payments had "profoundly helped" the other debtor nations because it had caused bankers and international organizations to be "more flexible and comprehensive in reaching accord with diverse countries around the world."

He said that Brazil intended to resume negotiations with foreign banks within 30 days, and that it now expected to receive "just treatment." He said that would mean a pact that "permits the debtor countries to pay the debts without suffering and without the collapse of their economies."

Mr. Sanguinetti said he had sent a letter containing the leaders' ideas on the debt to the Italian president, Amintore Fanfani, for relay to the leaders attending the Venice meeting, scheduled to begin June 8. He said that the letter also expressed concern about protectionist trade measures.



Raúl Alfonsín of Argentina, left, Julio María Sanguinetti of Uruguay, center, and José Sarney of Brazil after their meeting in Montevideo on foreign debt and interest payments.

Sarney Is Rebuked Over Term

His Stand Undermines Constitutional Process, Critics Say

By Alan Riding
New York Times Service
RIO DE JANEIRO — President José Sarney's recent announcement that he will serve a five-year term in office appears to have heightened the political uncertainty that has gripped Brazil for six months despite his assertion that "this question has now been decided."

Mr. Sarney said he acted on his own to define the length of his mandate because political parties had been unable to reach a consensus on the issue. The country's economic crisis, he added, was "the fruit of this political indecision."

But Mr. Sarney was immediately accused of trying to undermine a Constitutional Assembly that was elected in November with powers both to draft a new constitution and to set the date of the first direct presidential election since a military regime stepped down two years ago.

At the same time, with public opinion polls showing a clear preference for a shorter term, the perception that Mr. Sarney was trying to hang onto power fed opposition demands for early elections. It also provoked a near-rebellion by sectors of the majority Brazilian Democratic Movement Party that say he should serve no more than four years.

At a recent meeting, party representatives repeated the Constitutional Assembly's authority to define the length of this and future presidential terms, and they decided that the party would fix its position on the issue at a special convention to be held in Brasília on June 13-14.

Even though the new constitution may not be approved until the end of this year, however, party leaders said the stage would be set for serious confrontation with the president if the party convention

votes in favor of a four-year term and Mr. Sarney chooses to ignore its recommendation. Fearing such a clash, party spokesmen have suggested postponing the convention.

Mr. Sarney took over after the president-elect, Tancredino Neves, died. The present judicial confusion stems from the fact that Mr. Sarney was elected vice president by an electoral college that gave him a six-year term under a constitution imposed by the ruling generals in 1969.

The president said in May 1985 that although the Constitutional Assembly would decide the matter, he favored a four-year term.

His recent announcement, therefore, contradicted his earlier position. In reality, he had already begun maneuvering last year for a longer term, but now for the first time he asserted that his original six-year term was legally valid and could not be truncated by the Assembly. Then, as if to soften the blow, he said he would voluntarily "give up" one year of his mandate.

Some politicians saw only a clash between old and new constitutions might require a ruling by the Supreme Court, which has rarely challenged incumbent presidents. But they noted that Mr. Sarney was also now busily trying to build a right-of-center coalition to support his position, principally inside the armed forces and among the country's powerful state governors.

Paradoxically, the very economic and political crisis that has reduced the president's popularity in the last six months appears to have won him the backing of senior military commanders, who reportedly fear that "rushed elections" might be won by the Socialist opposition leader, Leonel Brizola.

Not surprisingly, Mr. Brizola, who played a key role in the government deposed by the armed forces in 1964, has already moved

Secret Account Funneled \$2 Million To Bakkers, Aides in '86, Officials Say

By Michael Isikoff and Art Harris
Washington Post Service
WASHINGTON — A secret payroll account of the PTL ministry was used to pay more than \$2 million in salaries and bonuses last year to the ministry's founders, Jim and Tammy Faye Bakker, and their top aides without the knowledge of the ministry's directors or chief financial officer, according to ministry officials, former board members and copies of board minutes.

The recent discovery by ministry officials of the executive account, which was administered by an independent auditor, and of accompanying ledger sheets and copies of canceled checks, has provided new evidence of how the Bakkers collected millions of dollars from their tax-exempt ministry without oversight from board members, ministry officials said.

Records of the account, through which all bonuses flowed, were kept by the Charlotte, North Carolina, office of Laventhol & Horwath, the 10th largest accounting firm in the United States. Until last year Laventhol & Horwath was the outside auditor for PTL, which its followers say stands for Praise The Lord or People That Love.

Checks were prepared by Laventhol & Horwath on instructions from David Taggart, Mr. Bakker's personal aide, or his personal secretary, Shirley Fulbright, ministry officials said. Mr. Taggart or Ms. Fulbright signed the checks, according to officials who say they have seen copies of the checks.

The executive payroll "was handled by the auditor," said Peter Bailey, a PTL vice president. "They prepared the checks from their office."

"I'm the chief financial officer," he said, "but I didn't know what was going into that account."

The payment of \$1.9 million to the Bakkers in 1986 and \$640,000 in the first three months of 1987 has emerged as a central issue in the class between Mr. Bakker and his successor, the Reverend Jerry Falwell.

Mr. Bakker resigned from PTL in March after revelations that he committed adultery with a church secretary.

Senate Acts to Stall Alien Law
WASHINGTON — The Senate voted Thursday to delay for four months the enforcement of new sanctions against employers who hire illegal aliens. The House was still deciding what action it would take. The Immigration Control and Reform Act of 1986 was to become effective on Monday.

secretary in 1980 and that ministry funds were paid to silence her. In a television interview Wednesday, the Bakkers said PTL payments to them were approved by the board, usually by they were out of the room and sometimes over their objections. According to two former PTL directors, however, while unspecified bonuses were approved by the board in recent years, the dollar amounts actually paid were not discussed at board meetings. In addition, copies of board minutes show no record of bonuses being approved for Bakker aides.

Jackson Says He'd Consider Accepting Vice Presidency

NEW YORK — The Reverend Jesse L. Jackson says he would consider accepting the Democratic nomination for vice president.

"The vice president option would be a serious consideration," he said in a sharp departure from the conventional strategy of presidential aspirants, who rarely acknowledge that they might be interested in the vice presidency.

Mr. Jackson's statement, made Thursday on a television program, was particularly significant because some opinion polls show him to be the front-runner in the Democratic field since Gary Hart ended his candidacy earlier this month.

Many Democratic politicians say they expect Mr. Jackson to win at least 25 percent of the delegates to the Democratic National Convention in primary elections and caucuses next year.

Responding to a series of questions about the television program about the personal morals of candidates, Mr. Jackson said that "we must accept living in a fishbowl." He also said that his staff had discussed his personal life but that he had "no misgivings about it."

Asked by a member of the audience about his own morals, Mr. Jackson responded: "I have no skeletons in my closet."

He added that "we cannot relate morality to sexuality alone," and cautioned that too much "concentration on personality" would leave "no time for issues." But he declined several times to criticize or set limits on press coverage of candidates' personal lives, saying that that was a decision for the press.

Quebec Deal Denounced By Trudeau

WASHINGTON Post Service
TORONTO — Pierre Elliott Trudeau has broken a three-year public silence to denounce Prime Minister Brian Mulroney over concessions to Quebec, calling him a "weakening" who had rendered the Canadian state "totally impotent."

The former prime minister, who left office in 1984, was speaking Thursday about an accord negotiated last month by Mr. Mulroney to get Quebec to ratify the new Canadian Constitution. That accord, which must be ratified, acceded to Quebec's demands that the constitution acknowledge French-speaking Quebec as a "distinct society" within Canada.

To win the support of other provinces, the agreement also would substantially enhance the power of all 10 provinces, giving them discretion on how to spend the federal money they receive, stronger control over immigration, and a say in selecting Supreme Court justices.

Mr. Trudeau unleashed his anger about the accord in an article published Thursday in the Toronto Star and La Presse in Montreal. He wrote that Mr. Mulroney had lacked the courage to stand up to provincial premiers and resist the "Balkanization" of Canadian culture, languages and social services.

Mr. Mulroney brushed off the criticism, saying it was a reminder of the "old style of warring federalism" that Mr. Trudeau had practiced as prime minister.

Quebec Deal Denounced By Trudeau

Mr. Trudeau said he was concerned about the possibility that Citibank's decision might mean less "new money" would be available to debtors, but he added that the action was "feeding our hope that a quota will be fixed for the interest that we have to pay."

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Even though the new constitution may not be approved until the end of this year, however, party leaders said the stage would be set for serious confrontation with the president if the party convention

AMERICAN TOPICS



KENNEDY PARK DEDICATED — Senator Edward M. Kennedy, Democrat of Massachusetts, with the children of President John F. Kennedy, John Jr. and Caroline, at the dedication of John F. Kennedy Park in Cambridge, Massachusetts. The \$2.5 million park is in the congressional district represented by Mr. Kennedy's nephew, Joseph P. Kennedy 2d, son of Robert F. Kennedy, and borders the Harvard campus.

Lampreys Threaten Great Lakes Anew

Sea lampreys, the parasitic "vampires of the deep" that all but wiped out game fish in the Great Lakes in the 1940s and 1950s, are making a comeback that threatens carefully rebuilt stocks of salmon and trout. The New York Times reports.

The lampreys, interlopers from salt water, apparently made their way around the barrier of Niagara Falls through the Welland Ship Canal and adapted themselves to life in fresh water. In their adult stage they live by attaching their mouths to live fish and draining their blood. Even fish that survive lamprey attacks are left with ugly round scars.

The lampreys were all but exterminated with the discovery in the late 1950s of a chemical compound, 3-trifluoromethyl-4-nitrophenol, which is toxic to lamprey hatchlings. Small streams where the lampreys breed were treated with the compound.

But the surviving lampreys are beginning to breed in the broad, deep channels of the St. Mary's River between Lake Superior and Lake Huron and the St. Clair River between Lake Huron

Huge Crowd Flattens Golden Gate's Arch

When an estimated 250,000 people jammed onto the Golden Gate Bridge for the 50th anniversary celebration Sunday, worried engineers did rapid calculations to make sure the span could support the weight. It did, but "the bridge flattened out — its whole arch disappeared," said Gary Giacomini, president of the bridge district board. "The bridge had the greatest load factor in its 50-year life."

Crowds from both ends flooded onto the bridge and met in the middle, forming a shoulder-to-shoulder gridlock. Mr. Giacomini, who was at the middle, said that while the support cables there were taut, the cables elsewhere "were loose and kind of spinning around because the other ones were picking up the strain." He added, "I thought, wow, this isn't a good idea."

But the bridge held. Built to be flexible in the winds that often howl through the Golden Gate, it can move 15 feet (4.5 meters) vertically and 27 feet from side to side.

—ARTHUR HIGBEE

Short Takes

Attendance is booming in Broadway playhouses. The New York Times reports, with a 31-percent increase in the past two months over the same period last year. George Wachtel of the League of American Theaters and Producers credits such hits as "Les Misérables," "Fences," "Me and My Girl," "Starlight Express" and "Broadway Bound." The Times also cites the fall of the dollar, which has made New York City more attractive to foreign and American tourists.

N. Graves Thomas, 40, a Shreveport, Louisiana, lawyer, was boating on Lake Bistineau with four friends when a thunderstorm came up. They said he stood up in the back of the boat, raised his hands toward the sky and said, "Here I am." Moments later he was struck and killed by a bolt of lightning.

Charan Singh Dies, Former Indian Leader

NEW DELHI — Charan Singh, 84, who was prime minister of India for several months before Indira Gandhi regained the office in 1980, died Thursday after a long illness.

He held the office from August 1979 to January 1980 and had been one of many politicians imprisoned in 1975-76 during the emergency rule declared by Mrs. Gandhi.

After Mrs. Gandhi's Congress (I) Party lost power in March 1977, Mr. Singh became home minister under Moraji Desai. They clashed and he was dismissed by Mr. Desai in June 1978, then returned as finance minister in January 1979.

When Mr. Desai's government fell, Mr. Singh put together a coalition and was prime minister until Mrs. Gandhi's party regained its parliamentary majority.

Mr. Singh, a leader in the fight for Indian independence, was a lawyer and former chief minister of Uttar Pradesh state.

Paul L. Sifton, 60, first head of the U.S. Urban Mass Transportation Administration and a senior official at the National Academy of Sciences, Wednesday in Washington of a liver ailment.

Charles Ludlam, 44, the co-founder of the Ridiculous Theatrical Company, an off-Broadway troupe, Thursday in New York of pneumonia linked to AIDS.

Alvin C. Kestek, 84, an educator who was founder and chairman of the Academy for Educational Development and author of "Reforming American Education," Wednesday in New York.

Jean Delay, 79, a man of letters and medical researcher who pioneered chemical therapy for mental illness, Friday in Paris. He was a member of the Academy of Medicine and the French Academy.

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Herald Tribune

Published With The New York Times and The Washington Post

A New Hostage Cave-In?

The West Germans are reported to be considering the release, perhaps after only a token jail stay, of a man wanted in the United States on charges of murder and air piracy in the TWA hijacking of 1985 in which a U.S. Navy diver was killed. The Lebanese suspect, Mohammed Ali Hamadeh, was arrested at the Frankfurt airport in January carrying explosives and a false passport. His brother Abbas, also arrested, would also be freed. In return, the Hezbollah group of Lebanon would free two Germans it seized in Beirut after the brothers were picked up in Frankfurt. Talks have been going on between a German representative and Hezbollah's patron state, Iran.

Ordinarily, Americans would be up in arms at the very thought of a phony hostage transaction. To free a suspect of such notoriety, someone who seemed bent on committing a second crime when he was apprehended, after a modest jail stay would be to hand Hezbollah an invitation to commit other atrocities. To free a suspect who is sought for trial in the United States would be to mock the international cooperation that is an essential line of defense against terrorism for all the Western democracies.

But undeniably, international standards of official conduct in hostage situations have declined. This has to do with the emotional wear and the political tear on countries that have repeatedly had to go through these terrible ordeals. The Israelis used to present their capacity for domestic discipline as both badge and shield, but they long since have gone to negotiations. The Reagan administration took office proclaiming itself as, in hostage matters, the new Jerusalem, but ended up sneaking into arms-for-hostages dealings with Iran and yielding much of the moral authority with which it might otherwise now be trying to stiffen the West Germans.

Kuwait honorably apart, the everybody-does-it excuse for caving in presses on the international scene. But calls to make concessions to free hostages must be set against the requirement to punish terrorists for purposes of justice and deterrence. There are better and worse ways to handle any given case of circumstances, and the Germans will be watched closely to see how they handle the Hamadeh brothers. It will be a disgrace if they yield to pressures to let them go on anything close to the terms now being spoken of — a disgrace and the effective end of any effort the democracies might make to resist or counter this kind of terrorism.

— THE WASHINGTON POST.

The Threat to the Thrifts

Say, you got any shopping centers that are still unleased, or bankrupt housing developments that need another mortgage? We could do business, if you're willing to pay a fee up front. Let's talk over a bottle of Dom Perignon.

Such talk only sounds fanciful. Some savings and loan association operators in the United States are behaving like amazingly high rollers, gambling on blue-sky ventures with federally insured deposits. Yet Congress refuses to put the hustlers out of business. Unless legislators quickly stand up to special interests, the industry will disintegrate and the taxpayer will be stuck with a multibillion-dollar bill.

Most savings and loans weathered their crises of the past decade. But the same 1982 reforms that allowed most to survive and prosper gave owners of other "thrift" institutions discretion to fail. Some of them have poured tens of billions from federally insured deposits into loans as arid as desert land and assets as bizarre as the 84 Rolls-Royces once owned by Bhagwan Shree Rajneesh. When the bottom fell out of oil and agriculture, hundreds of Sun Belt thrifts were left with liabilities far exceeding their assets.

Federal regulators can close thrifts that do not meet minimum capital requirements — but that requires cash to pay off the insured depositors. After a decade in which expenses exceeded premiums, there is hardly enough left in the insurance fund to cover a tenth of the anticipated losses.

Congress has, nonetheless, repeatedly pledged to back insured depositors. Thus, few analysts expected legislators to balk at a plan to borrow \$15 billion for the insurance fund, using the earnings of the healthy thrifts as collateral. But that expectation failed to anticipate passionate opposition from diverse interests within the thrift industry.

Healthy thrifts, which do not want to be stuck with the insurance bill, are allied with falling thrifts in Texas, which do not want to be shut down by regulators. They persuaded the House to the administration plan, relying on support from Speaker of the House Jim Wright, an intimate of one of the highest rollers in the thrift business.

Recapitalization would drop from \$15 billion to just \$5 billion. That is not enough, as one wit put it, to cover the debts of the thrift institutions along the highway from the airport to downtown Dallas. Worse, a "forbearance" provision would effectively permit failing thrifts to stay open as long as they were not obviously engaged in fraud. The Senate version of the bill is less outrageous, lacking the forbearance provision. But it limits recapitalization to just \$7.5 billion.

If Congress does not do more, the S&L industry is probably finished. The failing thrifts will keep on losing a total of \$10 million a day. Meanwhile, most healthy ones will flee the industry's ballooning liability by becoming commercial banks. With nobody left to pay hefty insurance premiums, the taxpayers will be stuck with the bill, an estimated \$20 billion.

The last, faint hope is a revolt by House and Senate conferees, who will soon meet to resolve differences in the two bills. They could raise the recapitalization back to \$15 billion, dump the forbearance provisions and set stiff exit penalties for healthy thrifts. They would not please Speaker Wright. Nor would it please thrifts that shower members of Congress with millions in campaign contributions. But there is more to good government than following the path of least political resistance.

— THE NEW YORK TIMES.

He's Sumo Cum Laude

Defenders of Japan's trade practices sometimes argue that if an import measure is up to the high standards of the Japanese, they will accept it. Perhaps there is something to that. Consider the case of Saleva Aitane, an American, a former high school football player in Hawaii and, as of this week, the first foreigner in 13 centuries to be admitted to the champion ranks of Japanese sumo wrestling.

Mr. Aitane measures both up and out: he stands 6-feet-2 (1.9 meters) and weighs 526 pounds (239 kilograms), about 200 pounds more than the average sumo wrestler. Since going to Japan to take up the sport five years ago, he has endured occasional racial slurs, anti-foreigner insults in the press and the opposition of purists who thought his victories represented an overemphasis on bulk and a diminution of the elaborate ceremony that precedes matches and which makes of sumo wrestling something more than a few seconds of grunting and bumping by huge round men in loincloths.

But Mr. Aitane triumphed through sheer weight of, well, through sheer weight of himself. In a sport whose participants stuff themselves every day with rich fish stew to put on pounds, he is easily the heaviest, and one of the best at bumping the other guy out of the ring. And as he approaches the very pinnacle of that sport, let the Japanese purists beware: There are many more like him in America.

Oh, they may not weigh 527 pounds now, but the potential is there: the American capacity for producing overweight is legendary, theoretically far exceeding its capacity to produce diet books. Given an incentive to expand himself into sumo shape, many an American youth can obtain and consume great quantities of calorically enhanced stuff that makes fish stew look like a scoop of cottage cheese. Showed enough of them follow "Sally" Aitane to Japan, his case may someday be a chapter in texts on international economics, even if for now it is just another quarter of a ton in the balance of trade.

— THE WASHINGTON POST.

Other Comment

America's Course in the Gulf

After spending three months preparing the plan to put 11 of Kuwait's 22 oil tankers under the American flag, it would be extremely damaging to drop the plan solely because America has just discovered, with the deaths on the frigate Stark, that there are risks in intervening in a war zone.

The first consequence of such a retreat — and the most worrisome for the presidency — is that this would show that the reality of power no longer rests with the White House but rather in the Congress.

Second, by turning its back on its commitments, the United States would allow a spectacular diplomatic success by the Soviet Union, which already has begun helping Kuwait by placing three of its own oil tankers at the emirate's disposition.

Last but not least, the Tehran regime would feel in a better position than ever to persevere in its quest for military victory over Iraq, thereby completely upsetting the Middle East balance of power.

— Bernard Gwertz in *Le Monde* (Paris).

For all the condolences he has expressed over the attack on the Stark, President Saddam Hussein of Iraq can hardly be displeased by its results. Although 37 Americans lost their lives, the attack has pervertedly served to accentuate the shift of U.S. policy toward backing Baghdad. Mr. Reagan is in danger of forgetting that his main policy objective has been to bring the conflict to a negotiated end, not to escalate it.

— *The Financial Times* (London).

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OPINION

Two Zeros Too Many in Gorbachev's Offer

By Joseph Joffe

MUNICH — Why worry when Mikhail Gorbachev is so generous? Why not take up the "double zero" offer, if he is willing to trade some 1,200 warheads on his longer-range Euromissiles for 316 Western ones, and if he is ready to sweeten the deal by throwing in 130 shorter-range missiles for nothing?

After almost eight years of Soviet "nyets" to Western arms control proposals, this looks like manna from heaven to the diplomatist. Still, remember the cardinal rule of international politics: There are no free gifts between states. If the general secretary wants to give away so much for so little, his ideas of what is a loss and what is a gain must be different from the West's. In fact, Mr. Gorbachev has thrown a triple curve ball.

First, on the hardware level. In proffering "double zero," Moscow has invited NATO to scrap its most modern and least vulnerable weapons — missiles like the Pershing-2 that have a high deterrent value because they threaten not Dresden or Warsaw but the Soviet homeland itself.

"Double zero" would permit the North Atlantic Treaty Organization to keep weapons that are largely obsolete, vulnerable and self-detering. The alliance would hold on to aging bombers, based on fixed airfields that make inviting targets for a first strike. If these planes do get off the ground, they run the high risk of being shot down a bit later. Warsaw Pact territory happens to be the most lethal air-defense environment in the world.

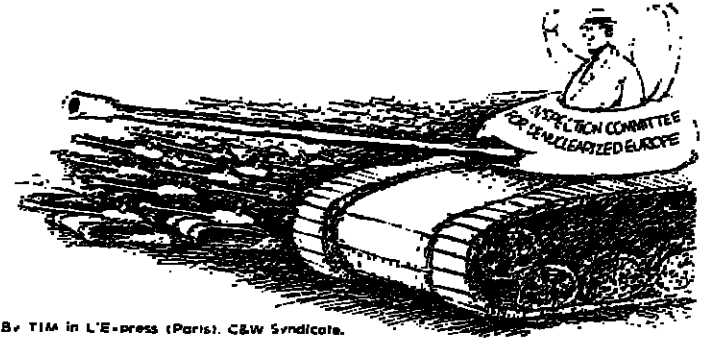
NATO would also keep lots of tactical weapons, with a range of up to 80 miles (130 kilometers). Delivered by artillery and short-range rockets, these warheads terrorize their users more than the enemy. Destined not to explode in the faraway reaches of the Warsaw Pact but on densely populated home ground, these are the perfect weapons of self-deterrence.

On the conceptual level, Mr. Gor-

bachev has similarly succeeded in turning things upside down. By offering to strip away two layers of nuclear weapons — with ranges of from 300 to 600 and from 600 to 3,000 miles — he in effect is driving at the heart of Western Europe's postwar security system. These weapons are not some frilly add-ons. They were installed to counter a natural Soviet advantage and a congenial Western weakness: the Soviet Union's preponderance in Europe, based on

philosophical levels. Mr. Gorbachev has stood the key issue on its head. He has asked the West to invert the classic relationship between weapons and security: to accept that nuclear weapons are the supreme threat, not the source of security and stability. Hence his startling prescription that we must rid the world of nuclear weapons by the year 2000.

This is a momentous piece of legend-making. For more than 40 years, nuclear weapons have guaranteed the



By TIM L'Et-press (Paris). CSW Syndicate.

sheer conventional mass and geographic proximity, and the half-century's inability (or unwillingness) to field the troops required for a purely conventional posture.

Mr. Gorbachev has not offered to intrinsically favor the Soviet Union as the strongest player on the European chessboard. In effect, the Kremlin's foremost "new thinker" has said: Let's do away with what has blunted my natural edge.

Finally, on the psychological and

peace — the longest in European history — by severing the Clausewitzian continuum between politics and war.

By threatening incalculable damage, nuclear weapons have put that link precisely at the point where for centuries diplomacy had given way to war — which Clausewitz, in his most famous phrase, defined as the "continuation of political relations . . . by other means." Wherever they are in place, nuclear weapons have simply eliminated the military option. Where the balance of terror did not rule, as in the Third World, scores of wars have erupted since 1945.

In this light, Mr. Gorbachev's largesse is not so wondrous. He offers a "revolution" that is squarely planted

An Effective Foreign Policy Does Not Come Cheap

By John C. Whitehead

The writer is deputy U.S. secretary of state.

WASHINGTON — The United States is the leader of the world. But can it continue to meet the challenges that this leadership poses? Can it continue to stimulate the global economic growth so essential to prosperity at home? Can it fulfill its commitments to friends and allies that help keep the peace?

The answer will be no if America is unwilling to spend the money to pursue an energetic and creative foreign policy. Insurance costs money.

Between 1981 and 1985, with the help of Congress, the amount of money spent on foreign affairs was steadily increased because the president and Congress knew it was absolutely necessary to meet the challenges of U.S. adversaries.

But now, by slashing the foreign affairs budget, the Congress is on the verge of adopting a strategy of retreat. What is even harder to believe is that this is a self-inflicted wound: no foreign enemy demands that the United States pull back.

In the current fiscal year, the foreign affairs budget was cut by the Congress proportionately more than any other part of the budget — from the \$22 billion that President Reagan asked to less than \$17 billion. That is more than a 20 percent cut. Recently, the House approved a budget resolution for fiscal 1988 that would cut foreign affairs funding \$500 million more below the unacceptably low 1987 level.

The Soviet Union has spent on the broadcasts. The Soviet Union has 37 high-power transmitters to send radio broadcasts to other countries; the Voice of America has 6. Radio Moscow broadcasts in 80 languages; the VOA in 42. Budget reductions in 1987 forced the VOA to reduce its weekly broadcasts by 10 percent, the largest cuts since the 1950s.

The Soviet government and other East European governments sponsor almost seven times as many students from developing countries for training in the Soviet bloc as the U.S. government sponsors for training in America. In 1982, the Soviet bloc sponsored 83,545 students while the U.S. government sponsored 12,513.

Without adequate funds, America's leading role will erode along with all that it has worked so hard to achieve. It cannot fulfill its responsibilities, or achieve its national objectives on the cheap.

How much will it cost? Less than 2 percent of the federal budget, or two cents on the dollar. That is the price of the protection that a strong foreign policy provides.

President Reagan has asked for \$19.7 billion to cover all foreign affairs activities in fiscal 1988. That is a prudent investment in long-term security, prosperity and democracy. It is basic insurance in a dangerous world.

The writer is foreign editor of the *daily Süddeutsche Zeitung*. He contributed this comment to the *International Herald Tribune*.

The Greatest President That America Never Had

By George F. Will

WASHINGTON — This weekend, in Seattle, a gathering will commemorate the 75th anniversary of the birth of Henry Jackson, the greatest president the United States never had.

As the Democratic Party prepares for the problematic presentation of itself in 1988 as suitable custodian of the nation's security, it should consider Senator Jackson's career as it is recalled in a new collection of essays, "Staying the Course: Henry M. Jackson and National Security," edited by Dorothy Fosdick.

The great period of foreign policy creativity after the war was primarily the product of liberal Democratic internationalists, whose tradition Mr. Jackson continued. But in the 1960s and 1970s, as the Democratic Party lurched leftward, Mr. Jackson came to be called a "conservative," a strange fate for a progressive elected from a state so liberal that the Democratic political boss James Farley once said there were 47 states and "the Soviet of Washington."

In 1945, days after American soldiers liberated Buchenwald, Congressman Jackson walked into the concentration camp. He walked out a changed man, stunned by the sight of the stakes of politics in the age of totalitarianism.

In 1968, he read Robert Conquest's "The Great Terror: Stalin's Purge of the Thirties." He concluded that the Soviet regime's assault on human rights expressed an internal dynamism inseparable from external adventurism. Therefore human rights must be a focus of U.S. attempts to tame the Soviet Union.

In 1972, the Kremlin imposed its "education tax," ostensibly to require emigrants to compensate the state for blessings received from it. Actually, the tax was designed to deter emigration. The Nixon administration, drunk on détente, was pushing legislation to extend credits and "most favored nation" tariff treatment to the Soviet Union.

Mr. Jackson drafted legislation that said such status could be granted to "nonmarket" countries only if they respect the right to emigrate. This enraged the Soviet Union and American business interests. In a two-year fight, Mr. Jackson prevailed.

Today, U.S. presidents cannot give communists all the favors that many capitalists advocate, and the same unholly alliance still hopes to unravel Mr. Jackson's handiwork in the name of détente.

In August 1972, while the Senate was debating ratification of the antiballistic missile treaty and approval of the SALT-1 interim agreement, Mr. Jackson proposed approval language that said, in effect:

The interim agreement is unsatisfactory and the ABM treaty is tolerable only if SALT-2 is much better. A subsequent agreement must correct the inequalities of SALT-1 by providing for equality in the carrying capacity of missile forces — warheads and throw-weights. (The Soviets were allowed advantages in every category of weapons SALT-1 covered.)

Mr. Jackson's language said that if such an agreement protecting the survivability of U.S. land-based missiles were not achieved by the end of 1977, when the interim agreement expired, that failure could jeopardize America's national interests and be ground for withdrawal from the ABM treaty.

He started with few supporters and was fiercely opposed by many, including many Republicans, who sought to prolong the election-year euphoria produced by the Moscow summit meeting. But Mr. Jackson prevailed, and seven years later the Senate stipulation that he had engineered was one reason SALT-2 was not ratified. Last year at Reykjavik, Paul Nitze cited Mr. Jackson's language as a reason the United States could not accept, as it did in SALT-1 and SALT-2, unequal ceilings on strategic forces.

Today Mr. Jackson's party is making a fetish of the ABM treaty, although compensating strategic arms limitations are a decade overdue. And his party is making a mockery of the constitution's treaty ratification procedures by trying to ratify SALT-2 with an appropriation bill. (It would forbid the expenditure of any funds for strategic systems that would exceed the limits of SALT-2 — an agreement Moscow is violating.)

The bipartisan commission on Central America, appointed by President Reagan, was Mr. Jackson's last important initiative. It recommended some military aid and much more economic aid, and was denounced by a Democratic Party spokesman as "a war report." Mr. Jackson is not to blame for the fact that the panel's report failed to achieve the hoped-for result.

Still, his record is a banner to which Democrats could repair. He served 42 years under nine presidents, not one of whom was a better president than he would have been.

Washington Post Writers Group.

Costa Rica's Peace Plan: A Crossroads

By Flora Lewis

PARIS — President Oscar Arias Sánchez of Costa Rica is touring European capitals with his plan to stop the war in Nicaragua. There will probably be a strong endorsement from the European Community in the next week or so, and the West German chancellor, Helmut Kohl, intends to bring it up at the seven-nation Venice summit meeting.

The timing could not be better, as the Iran-contra hearings unraveled the record of U.S. involvement. If President Reagan is willing to seek peace, as he has often claimed, it is just possible that the whole situation can be changed by the time Congress is due to consider aid to the contras again in September.

There is considerable support for the Arias plan in Congress, including from some Republicans. The five presidents of Central America are to meet in Guatemala in a month. There will be seen whether Nicaragua is ready to accept the proposal "to strengthen democracy and thereby establish a firm and lasting peace in Central America," signed by the other four presidents in Costa Rica in February.

The beauty of the Arias plan is that it will clarify the issues so badly muddled by shifting U.S. policy statements and covert actions.

The main provisions are: a general amnesty and "an extensive dialogue with all unarmed internal opposition groups" in all five countries within 60 days of signature of the agreement; cease-fire and an end of all military action; initiation of a "genuine pluralist democratic process" within six months in the five countries, with "complete liberty of television, radio and press" and "free, pluralistic and honest elections" on a single day in the first half of 1988; suspension of all outside military aid and a ban on using the territory of any one of the states to attack any other; negotiations on control and reduction of armaments; international supervision.

An important difference from the proposal to which Washington has given lip service as a way out of the conflict is that the Arias plan calls for a simultaneous cease-fire and start of dialogue. The United States has said that the cease-fire should only come as a result of political bargains.

Washington will not be directly involved in the Central American negotiations. But Mr. Arias is worried that the Reagan administration may try to block the plan by getting El Salvador or Honduras to demand unworkable changes.

That would be a shame, and it would brand the White House as clearly as anything in the hearings as the determined proponent of keeping the war going. It would also be self-defeating, not only to Washington's position in the world but to the United States' effort to show up the Sandinistas' objectives. It is not really likely that the Nicaraguan leaders will put themselves in risk of being voted out of power. But if they do, the U.S. aims to prevent consolidation of a Communist state will be achieved.

If they do not, the Sandinistas would bear full responsibility for refusing an opportunity for peace. "We have to call their bluff," Mr. Arias said in an interview. "This is a way of telling them we want to see if you've been telling the truth for eight years" about accepting real democracy. "We have to show the world where the Sandinistas stand and stop the ambiguity."

The way things have been going, he points out, the Nicaraguan leaders have been getting the benefit of the doubt and the United States the onus for backing a guerrilla war. If they accept the Arias plan and refuse to apply it as promised, "it would expose them to Mexico, Argentina, Peru and all the others. Because of their ambiguity, they've been getting support all the way from the extreme left to the extreme right."

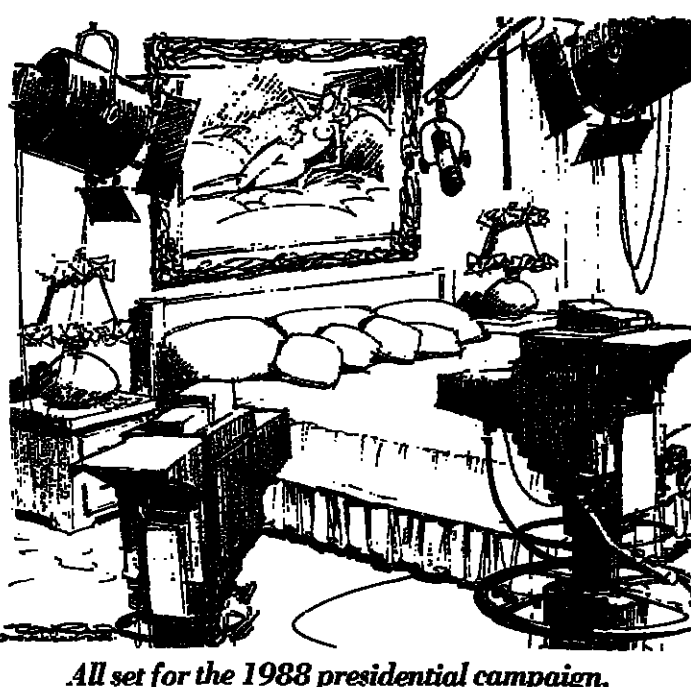
Failure of the plan due to Sandinista actions would then justify "an international quarantine policy."

Mr. Arias feels convinced that this would swing the many countries that are critical of American policy to the other side. But if it fails because Washington deliberately subverts it, that would let the Sandinistas off the hook and provide them with a political victory.

This is an important crossroads for President Reagan, internationally as well as domestically. Whatever the Iran-contra hearings reveal about the unsavory past, it is a chance to make a constructive decision for the future.

If he goes to Venice ready to tell Chancellor Kohl and the five other leaders that he now supports the Arias plan, it will be a big step toward resolving the bloody impasse in Central America.

The New York Times.



All set for the 1988 presidential campaign.

LETTER TO THE EDITOR

Jumping to Conclusions

Joseph Laitin, in his addendum and corrigendum (May 27) to his column (April 30) about the D-Day parachute drop of the 101st Airborne Division in Normandy, makes the (I think) unverifiable assertion that a certain person "was the first of the Allied warriors to touch French soil in this greatest of all military ventures." How does he know?

Besides the 101st, the jumpers included the American 82d Airborne and British parachute units, all jumping at about the same time. Furthermore, I believe the main body of parachute troops was preceded by Pathfinder units with radio equipment to help guide the main force to the drop zones; they surely were on the ground before anyone in General Maxwell Taylor's plane.

Any old paratrooper knows that being first out of the plane does not necessarily mean being first on the ground — something to do with air currents, weight and stuff like that. Finally, this was a night jump, and on a night jump you are lucky even

to find someone from your own plane, let alone figure out who was first on the ground.

Anyway, who cares. If ex-Major Legere went out the door before General Taylor on the morning of June 6, 1944, that's us close to the front as I would want to be.

DAVID STEVENS, Paris.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Hong Kong Plague

HONG KONG — The worst outbreak of bubonic plague for 10 years is raging here. New cases average 30 daily. The total cases last week numbered 199, and 168 deaths took place. The total number of cases since the beginning of the outbreak is 1,059, the deaths numbering 951. Energetic sanitary measures have been adopted. The military are assisting the local authorities. The situation is aggravated by the protracted drought, the intermittent water supply and the crowded state of the colony since the Chinese revolution. Shipping is greatly hampered on account of the quarantine restrictions imposed against arrivals from Hong Kong.

1937: For the War Dead

PARIS — These words were spoken by the late President Woodrow Wilson while standing among America's war dead in the Cemetery of Surénes on Memorial Day, 1919: "It would be no profit to us to eulogize these illustrious dead if we did not take to heart the lesson which they have taught us. They are dead; they have done their utmost to show their devotion to a great cause, and they have left us to see to it that that cause shall not be betrayed whether in war or in peace. It is our privilege; and our high duty to consecrate ourselves afresh on a day like this to the objects for which they fought. . . . These men did not come across the sea merely to defeat Germany and her associated powers in the war. They came to defeat forever the things for which the Central Powers stood . . . and they came moreover to see to it that there should never be a war like this again."

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ARTS / LEISURE

'Les Huguenots': The Parallels Of Persecution

By James Helme Sutcliffe

BERLIN — Giacomo Meyerbeer's "Les Huguenots" set in Berlin? The idea is not as far-fetched as it may sound...

Was not Meyerbeer himself, a Berlin Jew, subject to the same prejudices, and did not the historical Huguenots themselves find refuge in Berlin after the revocation in 1685 of the Edict of Nantes...

The audience at West Berlin's Deutsche Oper was quick to recognize the parallels and to applaud the visual interpretation by Bielefeld's celebrated team of John Dew (stage direction) and Gottfried Pilz (sets and costumes)...

During the overture (which uses Luther's hymn "Ein feste Burg") of music was eliminated to a condi-

non-conforming citizens lined up in front of a schrapnel-pocked working-class suburban facade...

In Acts 1 and 2 the lighter, operetta-like music was reflected in lip-synch stage pictures whose potential for turning grim was always sensed...

Although more than a half-hour of music was eliminated to a condi-



"Les Huguenots," with Angela Denning (left) as Marguerite de Valois, Jan Hendrik Rootering as Marcel de Nanngis, and Richard Leech as Raoul de Nanngis.

tion written into the production team's contracts, this was the only cut that seemed to damage the story line. The weapons blessed in the famous conspiratorial scene were pistols and rifles, not swords...

Andrea Andonian lending the page Urbain her voluminous mezzosoprano. But "Les Huguenots" stands or falls with the tenor who sings Raoul de Nanngis...

receptor, Jesus Lopez Cobos, added Meyerbeerian laurels to those he has already gathered for conducting the "Ring" cycle...

A Light Show Of Simplicity

By Michael Gibson

PARIS — Big art shows in recent years will more often than not, have had an installation by Dan Flavin — fluorescent tubes, white or in a variety of colors...

Upon meeting Flavin one discovers much that is Irish about the man. Like Joyce's Buck Mulligan, for instance, he may be moved to mutter snatches of Mass-Latin at improbable moments...

Last week he introduced his closest friend, the "minimalist" artist Don Judd, who was presenting slides of his work at Beaubourg.



Don Flavin, and fluorescence.

Dan Flavin arose and, having declared that every speech must necessarily begin with a joke, he looked out at the room and uttered: "Nancy and Ronald Reagan." It was, naturally enough, a minimalist joke.

He was born in the Jamaica area of Queens in 1933 and went to school in a Catholic institution in Brooklyn. "My father was a failed seminarian, so he tried to make seminarians out of my twin brother and me. We didn't succeed either."

"The first two years were good for me. They allowed me to begin to function outside the seminary, which had been a closed world. But the break with that heritage was gradual and painful."

A show of Dan Flavin's lights, prints, lithographs, silkscreens and mezzotints is at the Nikki Marshall Gallery, 8 Place des Vosges, and 9 Rue de Turenne, Paris 4, to July 31.

'Lady Macbeth' and 'La Traviata'

By Henry Pleasants

LONDON — It would be hard to imagine two new opera productions more vividly contrasted than the English National Opera's "Lady Macbeth of Mtsensk" and Glyndebourne Festival Opera's "La Traviata."

"Lady Macbeth of Mtsensk" owes its prominent place in operatic history to its having incurred the displeasure of Stalin, as reflected in an article in "Pravda" in 1936 denouncing it as "coarse, primitive and vulgar... fidgety, screaming, neurotic music."

version of 1963, retitled "Katerina Ismailova." The new ENO production is the first in Britain of the 1934 original, retaining the original title. It is staged and translated by the ENO's director of production, David Pountney.

Glyndebourne's "La Traviata," opening the new season, follows last summer's "Simon Boccanegra" as part of a cycle introducing Verdi to a house more familiarly associated with Mozart and Richard Strauss.

Coliseum, what is done is done wonderfully well, with superlative performance by Josephine Barstow as Katerina. She is splendidly supported by Willard White as the father-in-law, Stuart Kale as the husband, Jacques Trussel as the randy lover and a host of excellent characterizations in secondary roles.

All this is patently incongruous, but it sets the stage for a memorable example of Pountney at his best — or worst — when wife and lover, having strangled the hapless hubby, hang him from a meat hook and then make love in the bed with the body swaying slowly and gently in the warehouse draft.

That last act, the death scene, is made the more memorable by the tasteful assistance she gets from her Alfredo, Walter MacNeil, son of the Met's baritone, Cornell MacNeil, the Germont of the recent Zeffirelli film. Here the Germont is sung securely by Brent Ellis. Bernard Haitink is the conductor.

Further performances of "Lady Macbeth of Mtsensk" June 2, 3, 10, 13, 17, 23 and 30; of "La Traviata" June 1, 4, 7, 11, 14, 17, 20, 23, 26, 29 and July 2, 5.

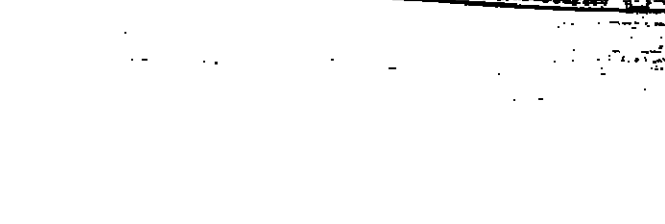
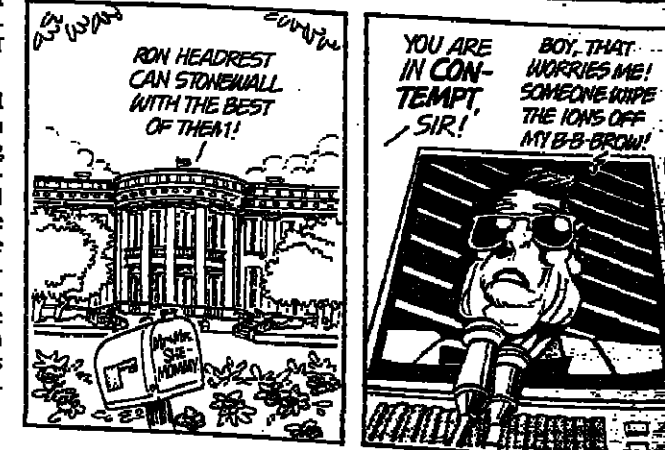
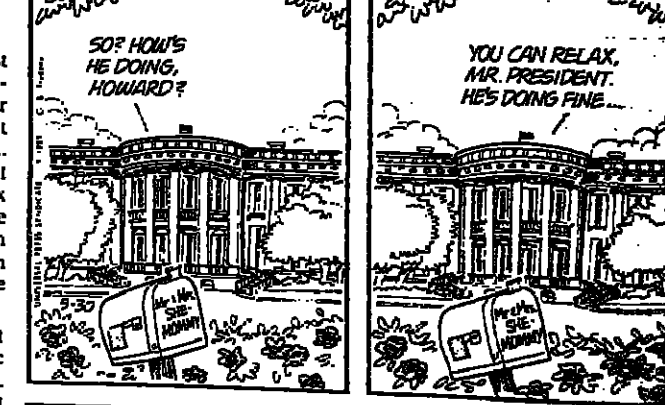
Henry Pleasants is a London-based author and critic who specializes in music and opera.

Bust of Jefferson Nets \$2.8 Million In New York Sale

NEW YORK — A plaster bust of Thomas Jefferson, hand-modeled by the French sculptor Jean-Antoine Houdon, was sold at Christie's Friday for \$2.86 million. The 73-centimeter (29 inches) bust is unsigned, but carries a red wax seal reading "Académie [sic] Royale de Peinture et Sculpture Houdon sculpteur," indicating that this is an exhibit sent by the artist to the French Royal Academy in 1789.

When it was shown there that year, the plaster was the first public exhibition of Jefferson's likeness. The subsequent carved marble bust by Houdon, showing several differences, is in the Boston Museum of Fine Arts.

At the sale, the room was filled with senior staff members from major U.S. museums, including Carter Brown of the National Gallery in Washington and top-level collectors. Excitement rose as the sale went on, resulting in a price that was four times the highest estimate by Christie's.



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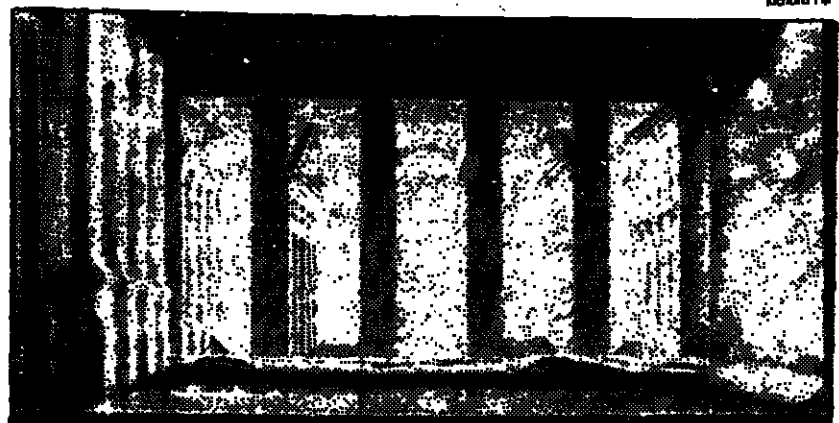
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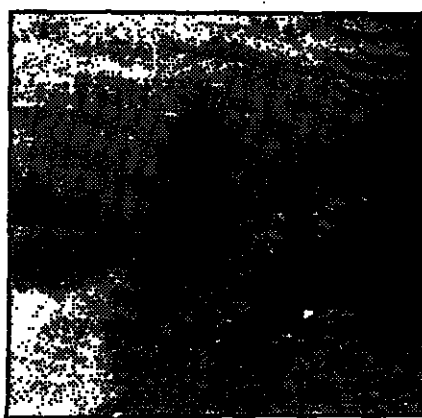
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Once antiques were old, but now mass-produced pieces of the 1940s and 1950s are considered collectibles.



When Architects Dream 11

Contemporary architectural drawings of structures that will never be built have become a respectable art genre.



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The craze for kitsch continues, but collectors have become more sophisticated.

Prices and the Art Historical Syndrome

Market Soars on the 'Museum Factor'

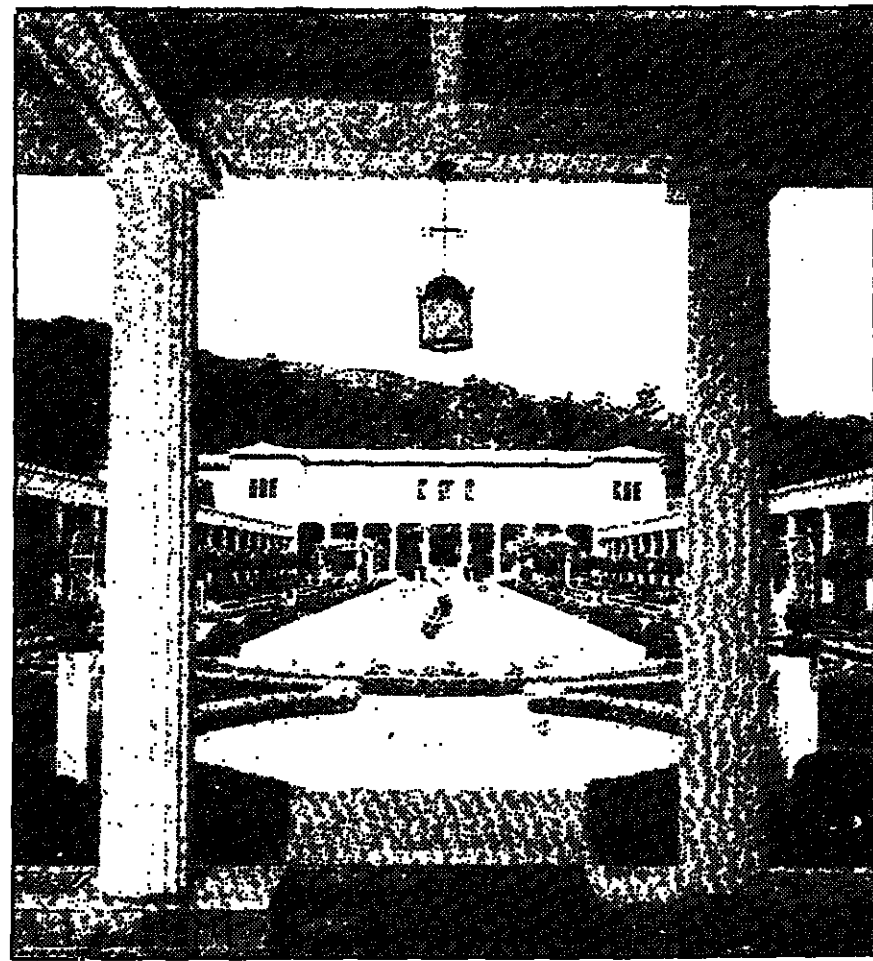
The new mood prevailing in museums has revolutionized the market and the star is the Getty.

By Souren Melikian

MALIBU, California — In the last three years or so, museums have been stepping into the market as never before. The uninformed beginner is no longer alone in his apparent readiness to pay four or five times the highest imaginable price. Museums, old and new, will do the same and, in the name of rarity, concerning works of art that found few buyers if any at all.

The most spectacular instance regarding painting is the \$4.07 million paid on Feb. 24 by the J. Paul Getty Museum in Malibu for Jacques-Louis David's "Telemachus and Eucharis," painted in 1818. Until then, David had been sought after for his earlier Neoclassical work. This could mean scenes of Ancient Roman inspiration, historic events of his own time handled as Roman icons, or portraits executed under the spell of that same antiquarian mood. The remarkable portrait of the Dutch ambassador and his wife is said to have been acquired by the National Gallery of London for just over £1 million (\$1.6 million).

The pictures done after the fall of Napoleon in 1815, when the artist was trying to curry favor with the old aristocracy returning from a prolonged exile, found no buyer. At that time, David attempted to introduce a sweeter 18th-century touch into his art. "Telemachus and Eucharis" sends back a distant reflection of the manner of Nattier and others, with their pink-



The J. Paul Getty Museum in Malibu, California.

cheeked ladies. For all its skill, it borders on kitsch. In the world of connoisseurship, only a museum guided by an art historical concern for rarity could get excited over a painting such as this.

The other extraordinary occurrence in the line of museum buys since the beginning of the year is the acquisition by the Musée de Cluny in Paris of a 10th-century processional cross described by Christie's as Byzantine. It is rarer

than ever, the David and must have been impressive in its time. The 62-cm (24-inch) iron cross, plus the attached tang that would have fitted into a wood and ivory staff, is covered with silver foil partly gilded and decorated in repoussé with figurative medallions and formal ornament. Even though only three other crosses broadly compare with this one, it remained unsold for years in the hands of the Swiss-based dealer who owned it. To an art lover, the

object was disfigured by the missing strip of silver ripped off the right-hand arm.

In market terms, the cross is a white elephant. It was reportedly acquired in the mid-1960s for a fantastic \$300,000, which led the dealer to ask about \$300,000 in the early 1970s. No one dreamed it could go up to £330,000, the price paid at Christie's in April.

At that level, the private art lover could acquire many interesting objects. But the museum, smitten by the art historical syndrome, a modern disease whose clinical sign is a tendency to see objects d'art in a Ph.D. perspective rather than as works to be contemplated, had to have a 10th-century cross. The purchase is not ridiculous — the cross is highly important. But the price is absurd.

The frantic behavior that many museums now seem to display once they have set their mind on acquiring a given piece, on the theory that they may never find another one, plays an increasing role in establishing world records. Far more of these result from museum buying than is realized. The record set by Van Gogh's "Sunflowers," sold at Christie's for £24,750 million was achieved thanks to the corporate museum of a Japanese company. That quadrupled the previous record for any painting, which was set in 1985 at Christie's, when Mantegna's "Adoration of the Magi" went to the Getty Museum for £8.1 million. Here, too, a museum was induced by the last-chance argument to buy a damaged painting, which private art lovers would hardly have gone after.

The role played by museums in driving up top prices is not confined to painting. It is now happening in the decorative arts. On Nov. 24, at Sotheby's, New York, a Florentine *pietra dura* casket made around 1720-1730 rose to \$176,000, a record in hardstone caskets. It later transpired that the buyer was the Minneapolis Institute of Arts. On March 1, at the sale of the hunting library formed by a French bibliophile, Marcel Jeanson, which took place at Sotheby's in Monte Carlo, a manuscript of the *Livre de Chasse* written by Gaston III Comte de Foix, known as Gaston Phébus, and illuminated around 1430 became the most expensive French book of the 15th century as it went up to 6.88 million francs (\$1.14 million). The buyer was the Getty.

Indeed, the new mood prevailing in museums has revolutionized the market and the star

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Numismatics ■ Postwar Design

Coin Investors Like New Gold

By Ed Reiter

NEW YORK — With gold bullion moving up in value, gold coins have been attracting strong market interest as well. However, growing numbers of investors seem to be purchasing newly minted gold coins rather than traditional collectibles, or what might be termed "old gold."

The majority of the gold coins now being sold are "bullion-type" pieces. These are coins whose value is tied directly to the current market price of the metal they contain.

Typically, a one-ounce (28-gram) gold bullion coin such as Canada's Maple Leaf costs 5 percent to 10 percent more than the price of an ounce of gold. The markup reflects the costs of production, distribution and handling.

By contrast, a numismatic, or "rare," gold coin such as the U.S. double eagle commands a premium well above its bullion value based on supply and collector demand.

There appear to be several reasons for the shift in market emphasis from older collector-type gold coins to newer bullion-related issues. Perhaps the most important is investors' concern about grading.

In recent years, demand for high-quality material has pushed

the value of mint-condition, or uncirculated, numismatic coins well above that of lesser pieces. The market's obsession with quality has reached the point where the American Numismatic Association now recognizes 11 different degrees of mint condition, ranging from a coin that is barely uncirculated (Mint State-60) to one that is perfect (Mint State-70).

Small degrees of difference in the grading of a coin can translate into thousands of dollars of value. This has encouraged overgrading and resultant overpricing.

"Understandably, this is disconcerting for investors," said Luis Vigdor, senior vice president of Manfra, Torrella & Brookes Inc., of New York, one of the largest coin and bullion dealers and distributors in the world.

"Until the coin market settles its differences on grading, many of these investors feel more comfortable putting their money into modern-issue coins, including bullion items. With these, the grading is not an issue. You're buying a piece of gold and paying accordingly."

The shift gained added momentum last October, when the United States entered the market with its new American Eagle one-ounce gold bullion coin. Demand for the American Eagle and its three fractional counterparts (in sizes of 1/2, 1/4 and 1/10 of an

ounce) far exceeded analysts' expectations and their booming sales diverted many millions of dollars from traditional market channels. Through the end of April, the U.S. Treasury had sold a total of 2,357,750 ounces worth of the new bullion coins.

"A lot of buyers were wary of bullion coins up to then," said Rick Sundman, vice president of Littleton Coin Co., a major mail-order dealership. "The problems surrounding the Kruggerand scared them away. But they gained a sense of confidence when the U.S. government issued a bullion coin. They felt a lot more secure."

Economic considerations have entered buyers' thinking, too, Mr. Sundman said.

"Why pay a real high premium for an antique gold coin when you can get a brand new coin that's even nicer — that's how a lot of buyers feel these days," he said. "Bullion coins are cheaper and they're backed by the government, just like regular coins."

The diversion of so much money into bullion coins depressed the prices of traditional collector gold coins. Gold's recent resurgence has enabled them to recover some of those losses. However, even now, many are well below their levels of last November, when the siphoning process began in earnest, even though gold itself is now worth substantially more.

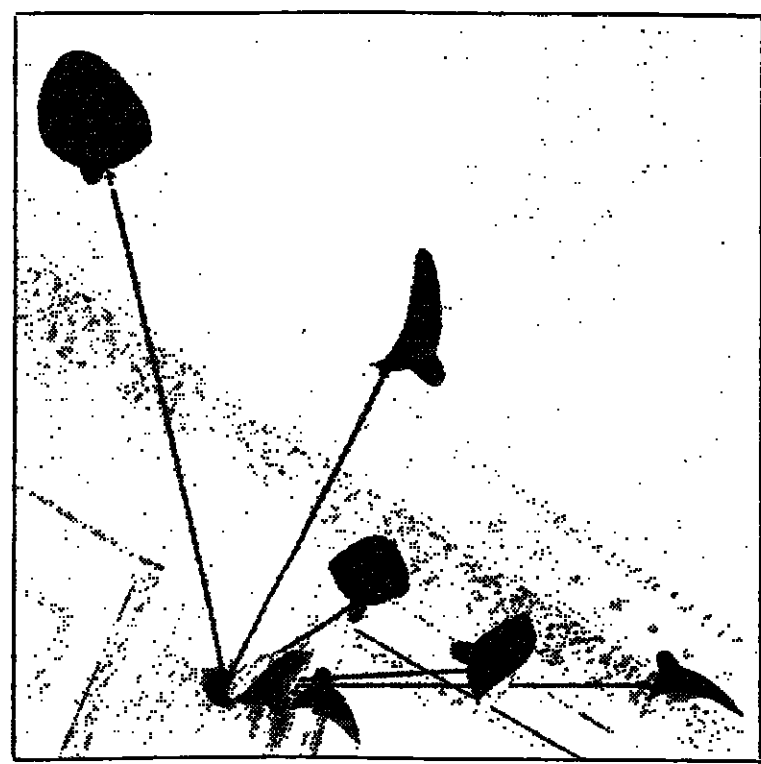
In November, when the spot price of gold bullion was \$406, a U.S. Saint-Gaudens double eagle in Mint State-64 condition was trading at the wholesale level for \$2,250. In mid-May, with gold at \$460, the same coin was bringing only \$1,500 at wholesale.

"A lot of the downward movement was directly due to the bullion coins," Mr. Sundman said. "And now, though gold is up, the big money hasn't returned to the numismatic market."

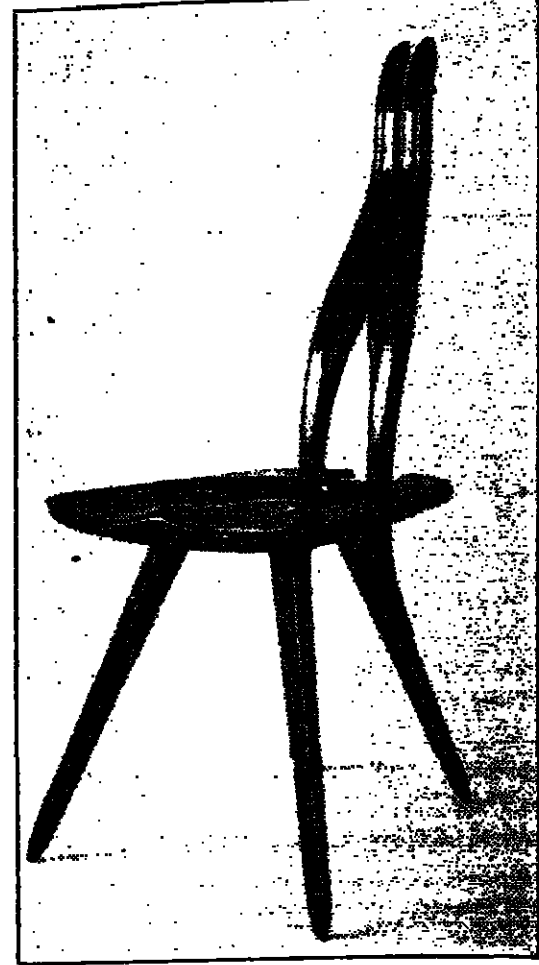
While American Eagle sales have leveled off, the bullion gold coin market remains strong. Canada has reported an upturn in Maple Leaf sales. South Africa's Kruggerand, while hurt by political protests, is far from dead.

Limited edition gold bullion coins, such as China's Panda, are attracting many buyers. And more important countries continue to enter the market.

Mr. Vigdor and Mr. Sundman do not believe the pendulum will swing back to "old gold" within the near future. They doubt whether many investors will return until the grading problems seem to be resolved. This, they say, will provide some exceptional buying opportunities for knowledgeable collectors.



Light fixture by Serge Mouille, at left; Picasso glass sculpture.



Chair designed by Carlo Mollino.

1950s Atomic Antiques Shine Among the Chrome Toasters

By Jean Rafferty

PARIS — Once antiques were old, a hundred years old at the very least. In the fast-track 1980s, antiques have moved fast-forward in step with the times. After the soaring successes of Art Deco, the spotlight is shifting to the postwar period — the "atomic antiques" of the late 1940s and 1950s.

There is plenty of kitsch, of course, but besides all the chrome toasters and plastic radios in green and pink gleaming from a proliferation of new boutiques that have blossomed from New York's SoHo to Paris's Bastille, there are authentic neglected masterpieces.

These collectibles embrace two very different kinds of objects: the unique pieces and limited editions of Italian, Scandinavian and French designers and the mass-produced pieces that sprang from America's postwar passion for good design.

Many of the same dealers and galleries responsible for the revival of Art Deco are intent on doing the same for the "forgotten" artists and designers of the 1950s.

"The métier of an antique dealer is to discover forgotten furniture and objects," said Paris gallery-owner Yves Gastou.

He started at age 17, working with an antique dealer who specialized in the 17th and 18th centuries. He moved into Art Nouveau with the discovery of Marjorelle, then went onto Art Deco. He now concentrates on works of the last half of the 20th century.

"It's a very confidential market," he said. "The most exceptional pieces were produced in very few copies, just like the furniture of Eileen Gray." But Gastou has also sold the mass-produced designs of Raymond

Leewy from tableware to the Studebaker.

Denis Bosselet, whose Paris gallery features 1950s furniture, glass and sculpture, was one of the first to explore the field. "The '50s were invention and originality," he said. "It was an exciting period of transition between the end of traditional craftsmanship and the new materials and techniques of postwar industry."

Bosselet sifted through the clutter of manufacturers' showrooms and cellars and was rewarded beyond his expectations. A totem standing lamp made of 35 vibrantly colored glass sculptures, for example, was unearthed in a dusty corner of Fratelli Toso. The luxurious limited editions of Venetian glass produced by Venini became a mainstay of his gallery.

"All the great painters and sculptors of the period — Miró, Fontane, Chagall, Ernst, Picasso — worked in Venice under the patronage of Peggy Guggenheim. Cocca called it the 'force des anges,'" he said.

Outstanding Italian architects such as Gio Ponti, Carlo Scarpa and Flaminio Piccoli made a few very expensive designs. Fluid forms of candy-striped glass in red and white, green and blue, distinctive tartan patterns, rare patchworks and filigraans are today prized by a growing group of connoisseurs.

There are amusing cross-currents of 1950s flavor. Carlo Scarpa's blue and white tartan vase echoes the pattern of the gingham dresses that Brigitte Bardot made famous in her early films. The painter Dino Martens' rare filigraan vase reflects the abstract action painting techniques of Jackson Pollock.

"The flight from the straight line into the lyricism of the baroque" as Yves Gastou describes it, found its master in the eccen-

tric Italian architect, Carlo Mollino. Inventor, photographer, racing car driver, world traveler, "Mollino was the last craftsman and the first designer of the '50s,'" said Bosselet. He used the same principles of aerodynamics that governed his racing cars to design furniture carved from swooping arabesques of molded plywood.

Prices of Mollino's furniture demonstrate 1950s fever at its hottest. In 1983, a pair of chairs went for 60,000 francs. In February this year, one chair alone made 68,000 francs (\$11,333). Mollino's record price was 160 million lire for a desk sold in Venice in 1985.

Glass, both Scandinavian and Italian, is also at the top of the price pyramid internationally. Venini vases that sold for 3,000 to 4,000 francs in the early 1980s have doubled, tripled, or even quintupled. A Venini patchwork bottle went for 88,000 francs in Stockholm in 1985, then soared to 99,000 francs six months later.

A rare Bianconi patchwork vase that set a record \$25,000 at Sotheby's in London in November 1984, is coming up for auction again in Christie's sale of Postwar to Modern Glass and Ceramics on June 23. The price it gets should be an interesting indication of how far the market has moved.

Furniture from the 1950s will be featured in one section of another Christie's sale on July 15.

Buying by such prestigious museums as London's Victoria and Albert, New York's Museum of Modern Art and Paris's Musée des Arts Décoratifs has given the 1950s establishment credibility.

"When it's in a museum, it's a sign we've won," said Mara Cremuter, the owner of the Galerie Downtown in Paris. "The collectors follow." Downtown specializes in a French architect of the 1950s, Jean Prouvé;

the decorator Jean Royère (his kidney-shaped coffee table made of a masonry of straw strips is quintessential 1950s) and an exceptional collection of Bianconi glass.

Another indication of international interest in the French 1950s is the association of the Parisian Galerie Alan with the New York dealer Anthony DeLoraine, who recently opened a 1950s gallery in SoHo featuring Prouvé and a lighting designer, Serge Mouille.

For some, the mass-produced designs of Charles Eames, Eero Saarinen, George Nelson, Harry Bertoia and Isamu Noguchi, among others, are the most coveted.

"In many ways, mass-produced things are more interesting," said Civic Wright of the Victoria and Albert Museum's department of furniture and interior design. "Mollino worked for the job in the same tradition as Chippendale. Other designers wanted things to be available to a wide range of people. The only criteria for a museum is whether it is an important example of good design, no matter if there was one or thousands."

What collectors look for here are early examples of production-line design.

A series of upcoming museum exhibitions are expected to maintain international interest. The Victoria and Albert Museum will have a retrospective of the furniture and glass of the Finnish architect Alvar Aalto from July 23 to Sept. 14 and the Centre Pompidou plans a 1950s show in 1988.

"The '50s is just starting," said Wright.

JEAN RAFFERTY is a Paris-based journalist specializing in design and lifestyle.

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American Furniture Sold

NEW YORK — The boom in American furniture goes on. At Christie's on Thursday, a set consisting of a highboy, a lowboy and two side chairs attributed to the Philadelphia cabinetmaker Thomas Tufft was bought for \$1.76 million by Harold Sack, of Israel Sack Inc.

Tufft furniture is unobtainable. There are only two pieces carrying his label, one in the Philadelphia Museum of Art, the other at Winterthur, Delaware.

The set sold at Christie's could be the same as one referred to in an account book of the original owner, Richard Edwards, which was preserved until some years ago by his descendants, who were selling the set, John Hays, one of Christie's experts, says that although the set is mentioned in fairly vague terms, it would be too much of a coincidence for two sets in the same family to have consisted precisely of a highboy, a lowboy and chairs made "to suit." It is on that circumstantial evidence that the record price was paid.

The importance of even indirect documentation is demonstrated by the failure to sell off a fine highboy bought in 1953 for \$1.3 million in the same sale. In the absence of a provable attribution, its estimate was obviously excessive. Anonymous furniture can be considerably cheaper. The record for any American dressing table established in the same sale, now stands at \$253,000.

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From Degas to Arp, Buyers Downgrade Aesthetic Elements

By Souren Melikian

NEW YORK — In sale after sale, the trend becomes increasingly clear. Painting, sculpture, any form of Impressionist or Modern Art is assessed in terms of name, size and notoriety within the artist's oeuvre. The latter is in turn measured by the number of inclusions in exhibitions and publications. Provenance matters, too. If the distinguished so-and-so once owned it, it has to be good.

Aesthetics are almost overlooked as if they were some quaint, slightly fancy consideration, unwelcome in a world of serious business. To say that Impressionism, Modern Art and contemporary art is treated as commodities is too weak. It is being categorized and given ratings like tourist hotels — from the four-star Giacometti bronzes to the three-star Arps and so on.

The most striking consequence is the ease with which any work that fits into its category will sell, irrespective of any failure it might suffer from in terms of composition, brushwork, color scheme or any other of the criteria that used to be all important.

A Degas ballet dancer is absolutely OK as long as no one questions the Degas signature. If the artist missed out slightly by giving his subject three legs and twisting her arm so uncomfortably behind that it seems distorted, it does not appear to worry buyers. "Danseuse à la Barre," a study in pastel on paper for an oil painting now in the Phillips Collection, ascended to a whopping \$539,000 at Sotheby's New York sale of "Impressionist and Modern Paintings" on May 11, nearly reaching Sotheby's highest estimate.

Clearly, the artist did not think much of it himself. He left it lying around his studio where it was found after his death and clearly marked with the post mortem signature stamp devised by the trustees of the estate. This was followed by the Renoir equivalent, a study in oils of two young girls chatting in a garden, "La Conversation." Daub does not begin to describe this composition, in which one of the girls, her mouth open with a half-witted air holds her hand on her side as if she had a sudden itch, while the other's eye and forearm give the impression of having been haphazardly smeared over. It is hard to resist the feeling that some helping hand hastily lived up the color at some point — Renoir's own? One wonders.

In this climate, it would be too much to ask some of the new buyers to discriminate between original "originals" and originals by virtue of a legal decree when it comes to bronze sculpture. Perhaps the most astounding price in Sotheby's May 11 auction was the \$363,000 paid for one of the eight bronze casts executed in 1984 by the Musée Rodin after the plaster by the sculptor which is preserved in its collection. Anyone remotely familiar with bronzes will be aware of the importance of trimming and polishing a bronze cast, which great bronze makers either under-

took to do themselves or carefully oversaw. The piece sold on May 11 will be seen by many as a Rodin icon rather than as Rodin work.

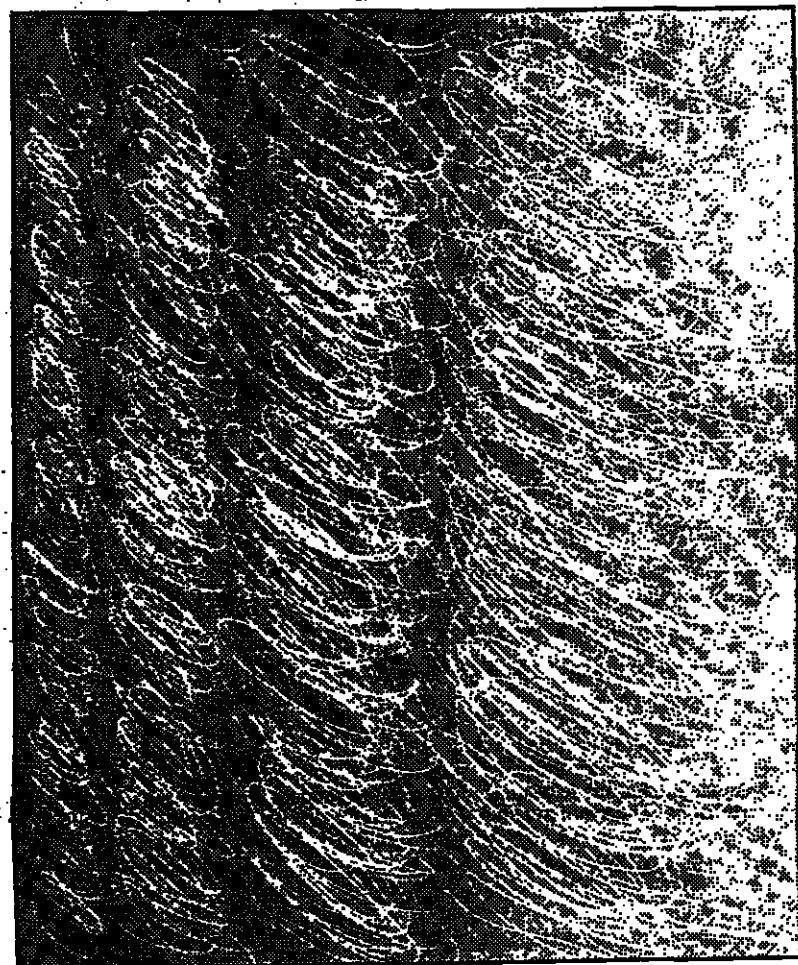
The other side of the coin is that whenever an image looks unfamiliar, however admirable and genuine it may be, its success remains a modest one. In that same sale, Monet's remarkable landscape, "Les Falaises à Sainte-Adresse," done in 1867 in the mood of French realism on the eve of the birth of Impressionism, was inexpensive at \$561,000. That whole phase of French painting is neglected and not even the bullish market was enough to propel the masterpiece, whose unfamiliar style took viewers by surprise, to the level it deserves in proportion to the general price level.

Among the many side effects of the current tendency to handle works of art as standardized and interchangeable images defined by name and type, not intrinsic merits, is the favor encountered by large-size works. A decade ago, excessive size was a handicap; it is now a plus. A big image looms larger in a corporate "collection."

Baron Lambert, whose "collection"



De Kooning's 'Pink Lady,' at left, sold at Sotheby's New York on May 4; Renoir's 'La Conversation,' a study in oils of two young girls chatting in a garden.



Cy Twombly's untitled work that sold for \$308,000.



One of the eight bronze casts executed in 1984 by the Musée Rodin.

was formed to adorn the premises of a bank, saw it all long before anyone else. Accordingly, his pieces sold by Christie's soared sky high. On May 12, three Giacometti's, measuring 235 centimeters, 267cm and 274cm, sold for \$2.53 million, \$3.08 million and \$3.63 million, respectively, the highest prices ever for Giacometti's

work. The day before, Sotheby's had set a record for Klimt, as the 140 centimeter portrait of Eugenia Primavesi went up to \$3.85 million.

It took this radically new market to allow contemporary art to be elevated on a par with Impressionism and the great masters of the first half of the 20th century. As long as intrinsic achievement mattered, it was more difficult to take Mark Rothko's bands of yellow, white and blue, that look like some phony flag, terribly seriously — as seriously as, say, a very fine Degas or a pre-Impressionist Monet. Now it can be done. Rothko's "Yellow, White, Blue Over Yellow on Gray" dated 1954, duly displayed in exhibitions and consecrated by its provenance, the Baron Lambert Collection, sold for a comfortable \$924,000.

That remark applies even more cogently to minimal art. Cy Twombly's untitled work, a quadruple doodle in white crayon on a gray ground, is one of the more significant pieces of May's sale, even though \$308,000 is no great shakes compared with some other prices. Brice Marden's "Gober," which, whatever the reason for its title, shows one square of solid white attached to another square of solid gray was equally astonishing at \$208,000.

There were hardly any failures to sell among Christie's contemporary works, which is unheard of in market annals. All shared the basic virtues: consecration by "history," for which read some splash in the media 20 or 30 years ago, a reasonable number of appearances in talked-about exhibitions, previous publication in art books and/or provenance from a "collection," even if one formed within two years such as the Minimal and Conceptual Art Collection of the Gilman Paper Co., whose 65 lots netted a mind-boggling \$6.344 million.

All this ties in with what happened in New York last November. It then looked like an unrepeatable feat, a fantastic fluke. It can now be seen as the inevitable consequence of an approach that has become conceptual instead of visual.

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Although part of the residence, which belonged to the Lambinet family until it was given to Versailles in 1932, is still under restoration, a collection of paintings and treasures from medieval times to the present will be displayed in 13 rooms of the residence's 19th-century wing.

The collection includes Dutch and Flemish paintings from the 18th century but emphasizes Versailles' history, with a selection of local iconography from the 16th, 17th and 18th centuries and contemporary art by painters from Versailles or with a particular attachment to the area: G. Lacombe, Le Sidaner, Suréda and Duoyver de Segonzac.

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A Coming of Age

New Market for Kitsch: Yearning for Past With Intellectual Undertones

By Souren Melikian

LONDON — The upward surge of kitsch is one of the most striking developments in the art market of the mid-1980s. The rush on the kind of bourgeois art against which the Impressionists rebelled...

higher income bracket responded on the other side of the Atlantic.

The next step was exotic, Orientalism, which had begun to be sought-after in the United States, Italy and Argentina, had its own Middle Eastern phase...

The 1981-1982 slump precipitated a crisis from which kitsch was slow to recover. A brief phase of mainly American interest in the pre-Hollywoodian conceptions of late 19th- and early 20th-century kitsch...

While the new market that is taking off cannot be understood without this background, it is utterly different. The German jolly innkeeper style, the Hermanus Koekkoek kind of Dutch marine or countryside scene have not recovered...

Tame kitsch, in short, is selling tamely, prices barely matching those of two decades ago. In Sotheby's December sale of Victorian paintings in London, the highest price was £18,700...

The cue was promptly taken by the museum community, anxious to be seen as intellectually daring. Those were the days when the Musée des Arts Décoratifs would clutter its walls with "Les Pompiers..."

At London auctions, business was brisk in the £20,000-to-£100,000 (\$32,000-\$160,000) bracket. The home market played its part with Victorian paintings of little girls in frocks with their nannies and scenes featuring the deserving poor...

learned articles. Anglophile traditionalists in a



Peder Severin Kroyer's 'Fishermen on the Beach at Skagen'.

The kind of kitsch that is now taking its place is intellectually ambitious. It ties in with the earlier yearning for a lost past, but displays greater concern for genuine period pieces...

This is illustrated at its best by the Alexander Apis marketing style. The American-born director of Sotheby's London department of European 19th- and 20th-century masters keeps exploring regional offshoots of great European trends...

Almost all the various academic styles represented in the auction, including the later photographic types of landscape painting, were well received.

At Rasmussen, in Copenhagen, Peder Severin Kroyer's 'The Artist's Wife in a Garden,' sold for 3,487 million Danish kroner (\$520,000) on Feb. 27, 1985. In June, it was Sotheby's turn in London with a £242,000 landscape by Kroyer, 'Fishermen on the Beach at Skagen.'

Last October, Apis drew on the enormous interest generated by Gustav Klimt and Egon Schiele in painting and Koloman Moser in architectural and furniture design to build up a Viennese sale. His extravagant artistic cocktail ranged from an interesting view of the Klosterneuburg monastery, handled by Schiele in a manner reflecting French Symbolist influence...

Without batting an eyelash, Apis offered the catalogue reader a glossary to the "main" Viennese trends, as he called them. Sotheby's experts treated prospective buyers to a down-right course in art history in each caption. The idea seemed to be that as long as you take the name of Wilhelm List or Max Oppenheimer seriously, others will too...

It worked. List's 'View of Luzzara,' a quasi-photographic landscape with a slightly Impressionistic touch to it, went up to \$27,500. Another lake view, this time with birches instead of firs, sold for \$66,000. Max Oppenheimer's equally photographic 'Portrait of a Lady' brought £11,000, helped, no doubt, by the entry describing him as "one of the young Austrian avant-garde at the beginning of the 20th century" and emphasizing that "his relationship with Schiele was particularly close."

Thus tested on Austrian ground, the technique of taking every artist that once enjoyed local notoriety at face value and giving him the

red carpet treatment, with long art historical entries and color plates, was carried into Scandinavia. The March 25 £3.1 million sale of Scandinavian paintings at Sotheby's will be mainly as a textbook case. It covered a whole range of artistic trends.

There were those who anticipated modern comics on a monumental scale. Carl Larsson's 13.6-meter-long (44-foot) 'Midwinter Sacrifice' on a pagan myth is so crudely done, its 'fice' on a paganism is so crudely done, its detail so unapologetically hilarious — a naked man standing sideways about to sacrifice himself seems to be gargling — that one can see only so much of the National Museum in Stockholm recently rejected the "chance" to buy it, even though this was originally commissioned by the museum on the eve of World War I.

The Carl Larsson episode exemplifies the new market. The Osaka gallery owners are unlikely to have been any more familiar with Larsson, whose work had never been seen in an international auction until March, than the Japanese buyer of the \$1.6 million Francis Bacon in New York who, his adviser was later overheard saying, had never heard of Bacon's name until a week before the sale. Buying decisions are increasingly made on the basis of information supplied in catalogue entries, read as if they were some definitive book written by a museum curator. Greater attention is paid to the description than to the visual impact.

Realistically mistrustful of their own ability to form an artistic judgment, the banders of newcomers in the market optimistically believe that serious cataloguing equates with great art. As long as this attitude lasts, there will be wonderful days ahead for List, Carl-Larsson, et al.

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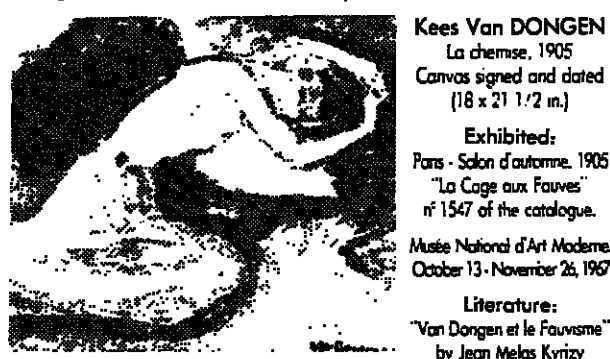
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Kees Van DONGEN La chemise, 1905 Canvas signed and dated (18 x 21 1/2 in.) Exhibited: Paris - Salon d'automne, 1905 'La Cage aux Fous' n° 1547 of the catalogue. Musée National d'Art Moderne, October 13 - November 26, 1907 Literature: 'Van Dongen et la Fauvisme' by Jean Melas Kyriz

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PABLO PICASSO Bateau, 1905, oil on canvas, 27.02 x 45.72 x 44 cm.

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R. DUFY 'Regates', Oil on canvas signed at the bottom left 38 x 46 cm.

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VAN GOYEN (1596 - 1665) oil on canvas. Signed at the bottom left 37 x 49.5.

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ZADRINE (O.) 'Le brillant silence' 1958. Ebony. Height 0.94 m.

Market Soars on the 'Museum Factor'

Continued from page 7

is the Getty. The controversy that has surrounded some of its acquisitions, such as a larger-than-life-size Greek kouros in the archaic style of the 6th-century B.C., has led to a good deal of misperception concerning its global role. It has made the public oblivious of the fact that an astonishing museum has arisen out of almost nothing in just 13 years. It has formed sensational collections of Old Master drawings and medieval manuscripts, followed at a distance by French 17th- and 18th-century furniture. Not surprisingly, these are the areas in which its impact on the market has been the strongest.

The Getty did not start by throwing its weight around. Led by George Goldner, a collector turned curator, the ideal combination that made European museums so successful, the Getty Old Master Drawings Department was careful not to learn other not-so-well-endowed institutions, mindful of market rules that say you should not show your hand. But it was like an elephant trying to hide under a haystack. By sheer virtue of its power, it changed the scale of things. In December 1982, the museum acquired the pencil study of 'Christ in Glory,' considered to be by Raphael. The price was £205,000. Not a tremendous deal in retrospect but a huge figure as it was then seen. And what matters in the art market is perception rather than hard fact.

When the sale of 71 drawings from Chatsworth House consigned for sale to Christie's took place on July 3, 1984, Goldner could not afford to miss such an opportunity. He made a bid for six drawings: an admirable 'Man Threshing Beside a Wagon' in red chalk, attributed to Rubens, sold for £756,000; an extraordinary St. Paul lending his garments, which is a study by Raphael for a tapestry cartoon in the Royal collection (£1,556 million); a Mantegna (£1,223 million), one Rembrandt, a Van Dyck, a Holbein. It underbid Raphael's study of a man's head — sold to Mrs. B. Johnson of New York City for £3,603 million — and a sheet from Vasari's album of mounted drawings sold for £3.2 million — to Ian Woodner, also of New York and possibly the greatest living collector of Old Master drawings.

On that day, the market changed in nature. All major pieces seen at auction since then have felt the rebound effect of the Chatsworth sale. The John Gains auction at Sotheby's New York, on Nov. 17, 1986, provided an amplified echo. The museum paid \$3.74 million for a sheet with three small sketches by Leonardo, the biggest being one inch high. When news of such a bombastic buy hits the headlines, it completely erases any recollection that anybody might have of some shrewd coups such as one of the most beautiful Lorenzo Lottos acquired by the Getty for less than £300,000, according to a professional source, not to mention some nice buys made at Drouot and elsewhere on the Paris markets.

The story repeats itself concerning illuminated manuscripts. The curator Thomas Lentz made one of the great coups in the history of post-World War II museum acquisitions when it bagged en bloc the Peter Ludwig collection, which the West German government inexplicably allowed to leave the country in 1983. And it has since then acquired, here and there, some marvelous items. But here again it has changed the market balance.

In French furniture and decorative art, the effect has been similar. Some records the museum set have drawn little attention because the sums involved were relatively small. A typical example is the 1.98 million francs that it paid in December 1985 for a pair of Sèvres vases

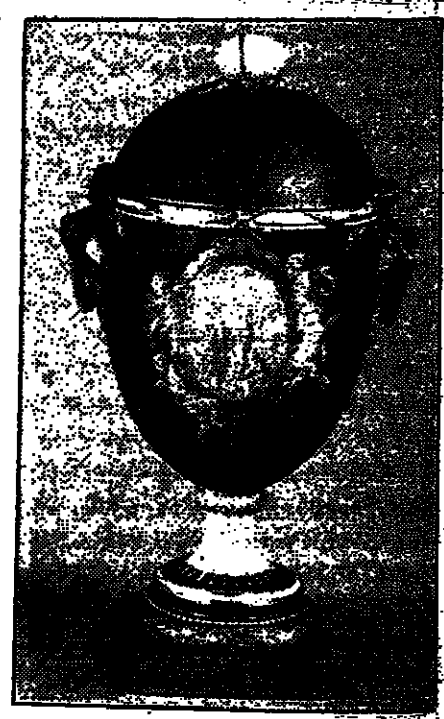


A Lorenzo Lotto drawing acquired by the Getty museum, above, and one of a pair of Sèvres vases, made around 1768-1769, that sold to the Getty in Monte Carlo for 1.98 million francs.

made around 1768-1769. But the impact on the market is as substantial as that of much higher prices. Antiquities have been massively affected by the existence of the Getty.

In market terms, whether the Getty kouros is genuine or not barely matters. What does is the reported \$7 million paid for it by the museum. Like every other move of the Getty, it has given yet another push to dealers' expectations. Taken all round, the museum factor is the major market innovation of the 1980s.

SOURN MELIKIAN covers the art markets for the International Herald Tribune.



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Labeling Conceals the Rise of Celtic and Egyptian Art

By Souren Melikian

PARIS — Misleading labeling will occasionally deflect attention from a major trend. Such is the case with the absurd blanket denomination "antiquities," a leftover of 18th-century vocabulary meaning anything from Ancient Greek and Roman times. It has now been broadened to cover sculpture and excavated artifacts from Celtic Europe and the Iberian peninsula, Ancient Egypt and Western Asia, and to auction houses and the media alike it still is all one category. The result is that the accelerated rise of Egyptian sculpture, on the one hand, and Celtic objects d'art, on the other, has barely been discussed outside specialist circles.

The latest illustration has just been provided at Drouot in a sale of "antiquities" conducted on May 19 and 20 by Eric Buffaud with the assistance of Jean Rondillon, the Drouot expert on antiquities. The most important piece was the upper part of an Egyptian stone female figure, which must have been an admirable piece of sculpture 2,500 years ago or so. The fragment, broken off below the breasts, is now in sorry condition, its arms gone and its face badly mauled. This did not stop it from rising to more than 719,000 francs (\$120,000), a remarkable figure for a late carving.

Two days earlier, on May 17, Drouot provided another remarkable case when Christiane Pescheteau-Badin, operating with her expert Sliane, sold the head of a man carved in diorite for 850,000 francs. The object, slightly

damaged with the tip of the right nostril knocked off, also belongs to the tail end of Egyptian art — the 30th dynasty.

This unprecedented outburst of enthusiasm over late sculpture is one of several signs of intensifying yearning for Egyptian art. Another equally telling indication is the ease with which severely damaged specimens of the great periods have been selling at prices that would have been inconceivable a couple of years ago. No spectacular carving has yet been sighted this year. But in 1986, two remarkable works of art, both badly maimed, came up in Paris and New York within two months of each other.

For sheer beauty, now an old-fashioned word, the Paris group, sold on April 11 by Paul Remand, stands above the New York piece. This is a serpentine royal group executed under Amenhotep III (1403-1365 B.C.), "the ruler of Thebes," as he calls himself on the New York piece. Of the royal group, only the female companion remains, missing the head and the tip of the right foot. Yet the admirable stylization of the draped body subtly elongated was enough to send her zooming to 253 million francs, which, given the size — the group is a mere 48 centimeters (19 1/4 inches) high — is a stunning figure. This is partly due to the hieroglyphic inscription identifying the figure "Isis, daughter of the king, spouse of the king."

Similar considerations helped the huge granite statue of the lion-headed deity Sekhmet, which was sold at Sotheby's New York for \$742,500 on May 30, less than two months after the Paris piece. The seated figure, 209.5 centimeters



Head of a woman, possibly Syrian, from the 4th century.

(89 1/2 inches) high, has suffered — one arm is missing, as is the headress, and the feet have been broken off. Impressive as it may once have been when it formed part of a group of over 500 carvings lining the courts of the temple of Thebes, it is not the most tempting object for a collector, to whom the

inscription carrying the name of Amenhotep III would offer little additional appeal.

Trade sources say the carving was offered on the market as early as 1973 at \$150,000 and found no buyer. The perspective has now changed. The size, which once worked against the carving, is now seen as a plus in museum or museum-type foundation terms. Seen from that angle, the historical inscription matters a great deal. Indeed, it may be argued that the increasingly museological perception of art, which affects the market as a whole, has been a key factor in the ascent of Egyptian art. It is hard to come by and museums, which need to be representative, are more susceptible than collectors to the argument of sheer rarity.

The museological approach also has something to do with the steep rise of Celtic art. Until recently, its appeal was confined to collectors in the German-speaking parts of Europe. The French, who make so much of their supposed Celtic past, displayed little interest at auction. Collecting has now marginally picked up in Europe. But museums and, even more so, dealers anticipating museum interest are on the lookout for any important piece of Celtic art that turns up.

When an unforgettable arm band ornament in cast bronze with a superb green-gray patina came up at Christie's on July 16, 1986, it aroused unprecedented enthusiasm.

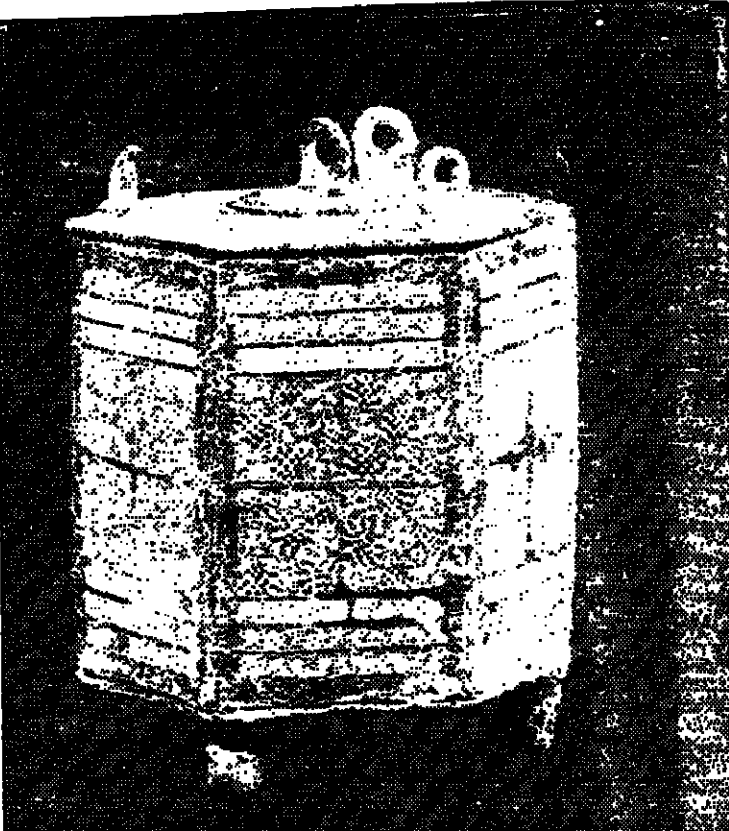
It is probably the most beautiful Celtic work of art seen at auction or indeed in the market as a whole since World War II. The catalogue entry compares it with a related piece in the

British Museum. This may be so in art historical terms, but from the collector's angle, Christie's object, which has no enamel left and a better surface, is more attractive. The bronze band was further helped by the fact that its find spot is known — the island of Achavraill off the Scottish coast, where it came to light at the turn of the century. It went up to £75,600, paid by Rainer Zietz, a German dealer operating from London.

The Hamburg-born professional has built up several collections in a wide range of fields over the years. His Italian majolica collection now adorns the Los Angeles County Museum, while his French faience in the manner of Bernard Palissy, which he sold en bloc to the J. Paul Getty Museum, in Malibu, California, is still tucked away in the reserve collection awaiting the erection of a new museum building. It seems not unlikely that some day the Zietz collection of Celtic art will surface in some institution.

It will not include, however, the extraordinary hexagonal bronze container, a "pyxis," as scholars call it, with champlevé enamels sold in Paris on May 20 for 313,000 francs. This is one of seven recorded pieces. The feet have been restored, a ring is missing on the flat top and the enamel panels have lost their pristine color, although proper cleaning should help lighten up the surface. Dealers fought over the object but the French Museum of National Antiquities eventually stepped in and pre-empted it.

As is the case with Egyptian art, rarity has been an essential factor in the



A hexagonal bronze container, or "pyxis," with champlevé enamels sold in Paris on May 20 for 313,000 francs.

recent rise of Celtic art. But it has always been rare. The reason why this element now sends prices soaring sky-high while it failed to do so 10 or 20 years ago is to be sought in the academic world. A new focus has been induced by exhibitions and publications. These need not be spectacular. The marvelous British Museum brochure on the shields recovered from the Thames is not at the top of the list of best sellers. But it is in every scholar's library and crystallizes awareness of the art. In a micro-market such as that of Celtic art, micro-factors can have the effect of a bomb blast.

Drawings

Imaginative Architectural Doodlings Are Elevated to a Genre

By Kate Singleton

MILAN — Contemporary architectural drawings have recently become a respectable art genre in their own right. They are collected by amateurs and purchased by museums. And they are prized not for any relation to real buildings in the real world, but for the skill and originality with which they express imaginary worlds.

It is no coincidence that the first gallery in architectural drawings was set up just over 10 years ago in Milan. For by the mid-1970s, Milan was already recognized as the world's design capital and almost all Italian designers are architects by training. Moreover, during those years there was a slump in the Italian building trade, so architects who were not busy designing objects for use found they had plenty of time for doodling, or giving free rein to their creative fantasies.

In 1977, Antonia Jamone organized in her Milan gallery what must have been the first exhibition of drawings by contemporary architects. The works were chosen on the basis of their intrinsic graphic and artistic qualities, regardless of whether what was portrayed was intended to be built.

Among the artist-architects represented were the Italians Aldo Rossi, Ettore Sottsass and Vittorio Gregotti, the American John Hejduk, the Austrian Raimund Abraham, O. Mathias Ugers of West Germany, the British architect James Stirling and Leon Krier of Luxembourg.

Visitors flocked to look at architectural creativity in a new light. But the market itself was still unripe and little was sold. During the following years, however, the same gallery held one-man exhibitions that met with a financially more responsible public. In the 1979 show of works by Aldo Rossi, one of Italy's most prominent and polemical architects, all of his bold, dynamic freehand drawings were sold. The going price for such works has tripled since then.

Until the early 1980s, purchasers of architectural drawings tended to be specialists, usually architects themselves. Then, when museums started investing in these works, the art form was elevated and so were the prices.

The first institution to make a move was the Deutsches Architektur Museum in Frankfurt. It began buying drawings by Massimo Scolari, Arduino Cantafora and Aldo Rossi in 1982. More recently, the Museum of Modern Art in New York has purchased

works by Lapadula, having seen some interesting examples on loan at an exhibition at the Centre Pompidou in Paris.

The sort of architectural drawings that are valued as art in their own right vary enormously in terms of style and approach. Aldo Rossi, for instance, actually builds as an architect. So his drawings are often fleeting ideas captured on paper. Certain forms are recognizable: his buildings as well, a sort of giant but benign observer of the urban scene.

Massimo Scolari, on the other hand, creates an oniric world of his own in minute, finely drawn and painted detail. What he depicts has a law and a logic of its own that has nothing to do with the prosaic world of real architecture.

Different yet again are the paintings by Arduino Cantafora. He works in oils, often on a very large scale, portraying buildings or interiors that seem to elude the real world, but only just.

Parallel to the present interest in architectural drawings is the growing market for contemporary stage and theatrical drawings. The connection is evident: Both Scolari and Cantafora and the stage designers are creating

environments whose reality is, at best, short-lived and relative.

Contemporary stage design is different from that of the past in one fundamental respect. Whereas until recent decades sets were largely painted, nowadays much of the illusion is created by building three-dimensional elements on the stage.

At the La Scala workshops in Milan, the painting sections are less busy that they once were, and the carpentry and plastering ones are more so. The modern eye is evidently used to cinematographic reality and will not be taken in by a painted backdrop any more.

But the stage designer's basic task remains much the same. This initially involves getting an idea across to those who will have to recreate it on a larger scale on the stage.

Once again, it was Antonia Jamone's Milan gallery that broke the new ground with theatrical drawings. In 1982, she held an exhibition of works by Ezio Frigerio, whose designs for "Lo-bengrin" (1981) and "Les Troyens" (1982) at La Scala had been much admired. Frigerio, trained as an architect, has an extraordinary ability as a painter. The immense architectural impact of the sets is first expressed in splendid pictorial terms: carefully finished paintings in tempera and watercolor, as dramatic,

in their way, as the final outcome on the stage.

Antique architectural and theatrical drawings always find buyers. In fact, they are usually snapped up before they appear on the market. Contemporary architectural drawings have gained respectability because they have made their way into museums, but they are still largely only collected by specialists.

In between these two extremes are the works of architects who, if they are still alive, are now in their eighties: the late exponents of Art Nouveau and the early ones of Rationalism.

Drawings by Giuseppe Ter-

ragni, the Rationalist architect active in the 1930s, or his contemporary, Virgilio Marchi, are growing hard to find. And Gio Ponti's furniture, as well as his drawings and his delightfully illustrated letters, have now become desirable collector's items. But around these major figures are lesser ones whose work may have better fortune in coming years than it did during their lifetimes.

KATE SINGLETON is a Milan-based journalist who writes about Italian culture, design and architecture.



'City With La Conica' (1984) by Aldo Rossi.

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NYSE Most Actives table with columns for stock symbol, volume, high, low, and change.

Market Sales table showing volume and price for various market segments.

NYSE Index table showing Composite, Industrial, Utilities, and Finance indices.

Friday's NYSE Closing logo with 'Via The Associated Press' text.

AMEX Diary table listing stock symbols and their closing prices.

NASDAQ Index table showing Composite, Industrial, Finance, Insurance, and Transportation indices.

AMEX Most Actives table listing top trading stocks on the AMEX.

Dow Jones Bond Averages table showing yields for various bond categories.

NYSE Diary table showing market activity for the day.

Odd-Lot Trading in N.Y. table showing volume for odd-lot trades.

Dow Jones Averages table showing the closing values for the Dow Jones Industrial, Transportation, and Utility averages.

Standard & Poor's Index table showing the closing value for the S&P 500.

NASDAQ Diary table listing stock symbols and their closing prices on NASDAQ.

AMEX Stock Index table showing the closing value for the AMEX stock index.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High Low Stock table listing various stocks and their price ranges.

Blue Chips Off on Mixed NYSE

Main article text discussing market performance, mentioning 'United Press International' and 'NEW YORK'.

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Table with columns for market indices: ANEX prices, ANEX index, NYSE prices, NYSE index, Dow Jones, etc.

ECONOMIC SCENE

Leaders Urged to Attempt Global Financial Overhaul

By LEONARD SILK. NEW YORK — The lamentations of financiers and economists, like those of prophets or physicians, are usually intended to alarm miscreants enough to bring about actions that will avert the evil.

Writing in the current issue of The New York Review of Books, Mr. Rohatyn charges that the United States "has been guilty of the most irresponsible fiscal behavior in its history during the last seven years."

It was heightened perception of the dangers facing the world economy, a high Citicorp official said last week, that brought on the bank's decision to increase its loan-loss reserves by \$3 billion and take a second-quarter loss of \$2.5 billion, the second largest in history for any corporation.

And Citicorp's anxiety-driven move is inducing responsive actions by others. Chase Manhattan Corp. increased its loan-loss reserve this week by \$1.6 billion, taking a second-quarter loss of \$1.4 billion.

Are the politicians, custodians of other people's money, likely to be as worried as the bankers? It is possible that the decisions by Citicorp and Chase to raise reserves to cover their shaky Latin American and other Third World loans may cause the leaders of the seven major industrial democracies, meeting June 8-10 in Venice, to make the international debt crisis the center of their deliberations and actions.

ONE SUCH veteran, Otto Lambsdorff, the former West German economics minister, said in an interview in New York this week that he thought the seven were all too weak politically or too incompetent economically to tackle the important economic issues.

But what if the national leaders were prepared to concentrate on the major economic issues, what sort of strategy would make sense for solving them? Mr. Rohatyn says three main elements are essential to a solution:

Major commitments of Japanese and West German capital to finance the growth of the developing countries, while the lending banks and governments negotiate a restructuring of their existing debts.

Arms control agreements and parallel economic cooperation with the Soviet Union and its allies, aimed at strengthening global demand in a time of stagnation and excess capacity.

A new international conference, patterned on the postwar Bretton Woods conference, to try to evolve a more stable international monetary system.

A similar plea is made by Irving S. Friedman, a former official of the U.S. Treasury, the World Bank and the International

See SCENE, Page 17

Philippine Economy Expands

Growth Rate 5.5% in Quarter

MANILA — The Philippine economy performed well in the first quarter of 1987 and the government has no immediate need of foreign loans, the economic planning secretary, Solita Monsod, said here Friday.

Mrs. Monsod said gross national product grew at an annual rate of 5.33 percent in the first three months of 1987, compared with a 1.79 percent rate for the last quarter of 1986 and negative growth during the years 1983 to 1985.

"It's an accelerating thing," Mrs. Monsod said after attending a meeting of cabinet members in charge of economic matters.

She said the government is hoping for 6.5 percent growth in GNP this year.

Mrs. Monsod said gross domestic product rose by 5.78 percent during the first quarter while industrial production grew by a hefty 9.86 percent.

In the industrial sector, best performers were mining and quarrying with 14.5 percent growth, construction with 10.3 percent, and manufacturing with 5.6 percent, she said.

The country's economic managers also decided that the government had no immediate need to borrow from outside sources for its programs, she said.

Mr. Cruz said Friday that GNP grew overall by 0.13 percent in 1986 after contracting by more than 10 percent during 1984 and 1985.

He said consumer sales, particularly in processed food, garments, beverages and cigarettes, had risen by between 20 and 25 percent in the first quarter of 1987 over the year-earlier period.

He said prices were still stable after inflation plunged to 0.8 percent in 1986 from 23 percent in 1985 and 50.3 percent in 1984.



Planes from Eastern and Continental Airlines, both owned by Texas Air, in Miami.

Stressful Times at Shrinking Eastern

Texas Air's Cuts Leave Many Staff Feeling Vulnerable

By Agis Salpakas. NEW YORK — Early in May, three Airbus A-300s, some of the best planes in Eastern Airlines' fleet, were transferred to Continental Airlines under a lease agreement.

The step is symptomatic of the attitude of Texas Air Corp., owner of the two airlines, toward troubled Eastern, which it acquired last fall.

At this point, it looks as though Texas Air will continue to shrink Eastern.

Eastern's unions and management are barely talking to each other, let alone trying to work out acceptable ways to reduce costs.

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Currency Rates

Table of currency exchange rates for various countries including Australia, Canada, France, Germany, Hong Kong, Italy, Japan, etc.

Interest Rates

Table of interest rates for various financial instruments like Treasury bills, bonds, and bank deposits.

Key Money Rates

Table of key money rates for different types of loans and deposits.

Asian Dollar Deposits

Table of Asian dollar deposit rates for various banks and currencies.

U.S. Money Market Funds

Table of U.S. money market fund performance metrics.

Gold

Table of gold prices and market data.

'Leveraged Recaps' Begin to Edge Out Buyouts

By Alison Leigh Cowan. NEW YORK — Move over, leveraged buyout. The "leveraged recap" has arrived.

Multimedia pioneered it in 1983, as Holiday Corp. did it last year. Caesar's World Inc. announced one in April, and now Hancock Brass Jovanovich and Allegis Corp. have proposed them.

Hardly a takeover fight unfolds these days without management hinting it might recapitalize in its own defense.

"In effect, it allows a company white under attack to act as its own white knight," said Fred Eckert, who is in charge of leveraged buyouts at Goldman, Sachs & Co.

As recapitalization rises in popularity, however, so do worries about the risks to the companies and shareholders, who could face losses in an economic downturn and possible legal entanglements.

Recapitalizing a company, in essence, involves leveraging most of the equity on a company's books for debt. The assumption of debt generally discourages a corporate raider, who can no longer borrow against those assets to finance the acquisition.

The company creates the debt generally by borrowing funds so it can pay shareholders a huge dividend for the bulk of their holdings.

For the balance, the shareholders receive a stock certificate called a "stub," which represents their new share in the company.

So far, companies that have pursued recapitalizations have seen their stocks soar, which has emboldened other managements to take the same route.

In the past two months, Caesar's World, the casino operator, decided to recapitalize to fend off Martin T. Sosnof, a New York investor.

And the book publisher and theme park operator, William Jovanovich, who has criticized leveraged buyouts as posing conflicts of interest for management, chose recapitalization for Hancock to discourage the advances of the British publisher Robert Maxwell.

Mr. Maxwell on Thursday withdrew a \$2 billion bid for Hancock, but left open the possibility of a revised bid.

On Thursday, Allegis, the former UAL Inc., approved a recapitalization plan to thwart takeover efforts, which heaped up this week when Constellation Partners, an investor group, disclosed it held a large stake in the company.

Until recently, managers responded to the threat of a hostile attack by taking their companies private through leveraged buyouts.

In a leveraged buyout, a group, usually management, takes a public company private by buying control with borrowed money to be repaid from anticipated future revenues.

Although such a buyout also involves the assumption of a large amount of debt, it shields managers from the public glare, eases the pressure of quarterly goals and frees companies from reporting requirements.

Allegis Corp.: Still in Play?

NEW YORK — Wall Street is not convinced that a recapitalization plan by Allegis Corp., the former UAL Inc., will end the takeover fever surrounding the travel services company.

Allegis's board granted preliminary approval Thursday to the plan in the face of an effort by a New York investor group, Constellation Partners, which owns 13 percent of Allegis, to remove the directors and break up the company.

A recapitalization plan, under which the company would create debt to pay shareholders a huge dividend, would make a takeover much more difficult. Shareholders would receive \$60 per share cash and would also retain their stock.

Constellation said it would not comment on the recapitalization until it saw more details. Some arbitrageurs and analysts said they thought Constellation would continue its efforts. But Helene Becker of Drexel Burnham Lambert said: "It certainly makes a takeover a lot more expensive."

She said the company has about \$4 billion in debt and would be adding another \$3 billion with the recapitalization.

Allegis stock was off \$3.375, to \$86.125, in early trading Friday.

In early April, the pilots union at United Airlines, an Allegis subsidiary, offered to buy the airline. Jay Pritzker, a Chicago investor, and Donald J. Trump, a New York real-estate developer, were also believed to have accumulated holdings of Allegis stock.

In addition, experts say that the practice is bound to attract less desirable candidates as companies try to mimic the success stories.

"Eventually, one of these things will come out that is not properly thought out or executed, and it won't work," said Paul Farrell, special situations analyst at Goldman, Sachs.

Finally, some lawyers believe that the unusually large payouts to the stockholders may be subject to legal challenge.

The U.S. bankruptcy code generally prohibits companies from making distributions that strip assets to the extent that the company is left insolvent. If a court finds that such a payout has resulted in a company's assets being sold at a price below fair market value, falling short of liabilities, the court can order shareholders to return the money.

The very features that make recapitalizations so irresistible to management, however, have made some merger specialists wonder if shareholders, fascinated by the stunning market performance of the early recapitalizations, are alert to the dangers.

Recapitalized companies face heightened financial risk, steep interest charges and restrictive covenants. Shareholders fare well when operating earnings edge out projections but, by the same principle, the stocks tumble when operating margins slip below expectations.

Government Will Widen Leading Indicators Index

By Louis Uchitelle. NEW YORK — The U.S. government's best-known tool for economic forecasting—the index of leading indicators—will undergo a major revision by the end of the year, according to a Commerce Department official.

But the changes are not likely to address a criticism of the index: that it is too narrowly focused on manufacturing and fails to reflect the growing influence of service industries and foreign trade on the American economy.

Thus, the revision process is likely to focus attention once again on the value of the index, which is nearly 20 years old.

Two or three new components will be added—probably involving automobile sales, housing and bond rates—and several of the 11 existing components might be revised, said Feliks Tamm, chief of the statistical indicators division of the department's Bureau of Economic Analysis.

The division, which prepares the index each month, will carry out the revisions in the late fall, Mr. Tamm said.

"We have recognized for some time the need to revise and broaden the index, to keep it from deteriorating," he said. "But we do not want to lose it with information that does not signal coming business cycle changes. Most service and trade data lack that sensitivity."

The revision will be the first important change in the index since April 1975, when inflationary distortions were reduced, partly by restating figures in inflation-adjusted, rather than current, dollars.

To prepare for the revision, the Bureau of Economic Analysis is helping to pay for a study by Geoffrey H. Moore, director of the Center for International Business Cycle

Research at Columbia University. Mr. Moore had helped to devise the original leading indicator series.

But Mr. Tamm, who has presided over the index's preparation since 1972, found fault with some of Mr. Moore's initial suggestions, and he was skeptical that Mr. Moore would be successful in his search for suitable service and trade indicators that could be weighted and adjusted to reflect changes in the business cycle.

Mr. Moore, for example, would introduce a component that measures corporate profits as a ratio of manufacturers' prices, less unit labor costs; Mr. Tamm is concerned about the completeness of the information available for such a component.

Many economists argue that no index can capture the twists and turns of an economy as complex as that of the United States in the 1980s. And some, like Stephen S. Roach, senior economist at Morgan Stanley & Co., and Lawrence Chimere of Wharton Economics, say an index that forecasts business cycles is out of place in an economy going through such a long period of sluggish growth.

Over the years, the index has done well in forecasting recessions months before they began. On the other hand, it has rarely risen in advance of a recovery. Usually the rise starts just as the economic recovery itself begins.

Mr. Tamm said that final decisions about changes in the index would be made later this year by officials in the Bureau of Economic Analysis. But he said the revisions would probably incorporate into the index such good available indicators as auto sales, housing starts or some other construction measure, and a measure of long-term interest rates, such as Treasury bonds.

Analysts said these inventories will have to be depleted during the April-June quarter because of the slump in final sales.

Many are thus predicting the U.S. economy will slow dramatically during the current quarter, with some even forecasting a decline in GNP, something that hasn't occurred since the end of the 1981-82 recession.

Few analysts, though, are forecasting another recession, usually defined as at least two consecutive quarters of shrinking GNP. Instead, they believe the economy will recover enough to post modest growth in the final six months of the year, as it did in 1986.

Many also expect the U.S. economy to register annual growth of 2.5 percent, unchanged from last year's level, the poorest showing since the recession ended in 1982.

The Reagan administration is predicting the economy will grow at a 3.2 percent rate for all of 1987.

Following the drop in manufacturing hours, the other negative influences on the leading index in April were a decline in building permits, a drop in manufacturing orders for consumer goods, a fall in stock prices and fewer contracts and orders for business investment.

The four indicators making positive contributions to the index were a decline in unemployment claims, reductions in delays on business orders, a rise in the money supply and higher raw materials prices.

Two other indicators, business inventories and consumer and business credit, were not available for inclusion in the report, suggesting another revision next month.

(AP, Reuters)

Indicators Drop 0.6% in U.S., A 2-Year Record

Compiled by Our Staff From Dispatches. WASHINGTON — The main gauge of future U.S. economic activity plunged 0.6 percent in April in its biggest fall in two years, the Commerce Department said Friday.

But economists said the figure exaggerated the economic downturn.

The weakness in the Index of Leading Indicators was the first decline since a 0.5 percent drop in January and the largest fall since a 0.8 percent decrease in April 1985.

The index was up a revised 0.8 percent in March, after originally being reported 0.4 percent higher.

The index, which predicts economic activity three to five months in advance, dropped largely because the average work week for production workers shrank by half an hour to total 40.5 hours a week.

Economists said this result overstated the weakness last month. The labor survey was taken during a week that included two holidays, Good Friday and Passover.

Without the decline in manufacturing hours, the index would have fallen 0.1 percent.

Still, economists said five of the nine indicators available declined during April, reflecting a widespread slowdown in U.S. economic activity.

Economic growth, as measured by gross national product, started at a rapid 4.4 percent rate in the first three months of 1987. That was the fastest growth in almost three years in GNP, the nation's total output of goods and services.

However, economists have noted that much of this strength came from a huge jump in business inventories.

While maintaining that "conditions are now improving," an Eastern official who asked not to be identified confirmed that the airline had recently suffered "severe cancellations and delays" on its key Miami-to-New York route.

Despite the pilot shortage, Eastern has been refusing to hire new pilots at the existing wage rates, which range from about \$35,000 to \$150,000 for top-ranked captains who fly wide-body jets.

The airline will hold out until the union agrees to allow it to hire pilots at much lower wages, officials said.

A far smaller number of machines, flight attendants and other workers have left. So far, these departures have not had a major effect on Eastern's operations, according to the unions.

See EASTERN, Page 15

John J. Bavis Jr., the leader of the pilots' union at Eastern.

Because of the pilot shortage created by these departures, he said, Eastern has had to cancel hundreds of flights. Even more would have been canceled if the airline had not forbidden the remaining pilots to take their vacations in the first half of this year.

For their part, Eastern officials play down the impact of the turnover and personnel problems. While acknowledging that pilot turnover has been higher than usual, James R. Ashlock, vice president for corporate communications, said that service disruptions had been minor.

Still, Mr. Ashlock said that the pilot shortage was one of the reasons for the cancellation in April of Eastern's "Moonlight Specials," the low-fare passenger service that Eastern had offered on late-night cargo runs.

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5 Japan Steelmakers Swing Into Loss

TOKYO — Japan's five major steel producers reported Friday that they had heavy losses in fiscal 1986, as the year's appreciation, weak demand for steel at home and abroad and low prices devastated earnings.

Nippon Steel Corp., the world's largest steelmaker, reported a current loss of 12.61 billion yen (currently \$87.87 million) for the fiscal year ended March 31, contrasting with a current profit of 36.07 billion yen the previous year. Current profit is roughly equivalent to pre-tax profit.

The other steelmakers reporting current losses were Nippon Kokan Corp., Kobe Steel, Kawasaki Steel Corp. and Sumitomo Metal Industries Ltd.

Officials of Nippon Steel indicated that losses had continued in the first half of fiscal 1987. Akira Miki, executive vice president, said the steelmaker expected it would be difficult to erase earnings losses in the half year ending Sept. 30.

He gave no earnings forecast for the whole year, but estimated that sales would be around 2 trillion yen. In fiscal 1986, Nippon Steel's

sales plunged 18.9 percent to 2.18 trillion yen, from 2.69 trillion the previous year.

Nippon Steel reduced its dividend for fiscal 1986 to 3 yen from 5 Miki said. He would not predict a dividend for fiscal 1987.

The year's strength has been a major problem for the industry, because it has raised the price of steel exports. The yen rose by more than 22 percent against the dollar in the year ended in March.

Earlier this year, Mr. Miki blamed problems stemming from the currency's rise when he announced the fourth major retrenchment plan at Nippon Steel in the past several years.

Under the latest plan, the steelmaker is closing four furnaces, cutting production capacity by 29 percent and eliminating 41 percent of its steel-sector jobs by 1991, cutting 19,000 workers out of a total of 46,000. The company's total work force is 65,000.

"We are considering how we can survive, and taking the only route possible," Mr. Miki said when the retrenchment plan was announced. Japan's other major steel pro-

Phone Merger Stalls in Japan Over Sea Cable

TOKYO — A third meeting between two groups planning to form a consortium to rival Japan's international telecommunications monopoly broke up Friday over the need to build a trans-Pacific undersea cable, officials said.

The group that favors laying the cable to the United States is International Digital Communications, a group of 35 businesses that includes Cable & Wireless PLC and Pacific Telecommunications Group of the United States.

Backing a plan to use existing cables is the all-Japanese, 55-member International Telecommunications Japan, which includes Sumitomo Corp. and Mitsubishi Corp.

With Japan under British and U.S. pressure to open its market to foreign companies, the two groups are trying to create one competitor to the monopoly Kokusai Denshin Denwa.

Japan's Post and Telecommunications Ministry is backing the merger plan, but Foreign Minister Tadashi Kuranari said Friday that Japan would welcome competition between participants and not discriminate between foreign and Japanese companies.

Purchase of Denny's by Marriott Would Create Huge Chain

By Michael Abramowitz
Washington Post Service

WASHINGTON — Marriott Corp., the big food and hotel company, would become by far the largest U.S. operator of family restaurants if it succeeds in acquiring Denny's restaurant chain.

Marriott announced Thursday that it was negotiating to purchase the chain of 1,200 coffee-shop restaurants from Denny's Inc.

The Denny's chain is the largest of its kind in the United States, while Marriott's Big Boy system is second with 900 restaurants. The combined operations of the two chains would dwarf the closest competitor, the Shoney's chain of 550 restaurants.

"With this purchase, Marriott would remove its number one competitor" in this segment of the restaurant business, said John J. Rohn, who tracks the company for the Wall Street firm of Wertheim & Co.

If completed, the deal would boost Marriott's annual sales roughly 20 percent, analysts estimated. Marriott reported sales of \$3.3 billion in 1986. Marriott, whose nearly 200,000 workers makes it the nation's ninth-largest

corporate employer, would also add many of Denny's 55,000 employees to its payroll.

The two companies refused to disclose the purchase price under discussion, but Wall Street observers estimated that the deal could cost Marriott anywhere from \$650 million to \$1 billion. Denny's was a

Roy Rogers fast-food restaurants, a key part of the company's recent strategy has been to concentrate, through Big Boy, on the so-called "coffee shop" niche of the business. This niche fits between fast-food and upper-scale establishments.

The company owns 170 Big Boy restaurants, and the name also is

acquire perhaps the strongest name in the business, as well as a strong cadre of profitable, company-owned restaurants.

Robert T. Souers, a Marriott spokesman, said Denny's "has got a growing, geographically dispersed, money-making restaurant chain. We see value there."

Marriott's stock closed Friday on the New York Stock Exchange at \$40.25, down \$1.25.

Analysts estimated that the Big Boy system accounts for about \$1 billion in annual sales, roughly one-fifth of which goes to Marriott. The Denny's chain reported \$1.1 billion in sales in 1986.

Under the proposed acquisition, Marriott would also take over Denny's 42 percent interest in Winchell's, a chain of 750 donut shops. Denny's would retain ownership of its El Pollo Loco chain of chicken restaurants.

One question that remained was what Marriott plans to do if it acquires restaurants. Several analysts predicted Marriott would convert many of the Big Boy restaurants to Denny's because of a feeling that Denny's is stronger in many markets.

Marriott would remove its top competitor in the family restaurant business by buying Denny's 1,200 outlets, an analyst said.

public company until 1985 when it was sold to management in a deal that cost roughly \$750 million, according to industry analysts.

The proposed purchase of Denny's is the latest move in Marriott's campaign to acquire its competitors. In 1985, Marriott purchased 350 Howard Johnson restaurants. In 1986, it acquired Saga Corp., a Marriott competitor in institutional food services.

While Marriott runs a far-flung business empire that ranges from luxury hotels in various parts of the world to retirement communities to

used by 729 franchisees, a spokesman said. Marriott also plans to convert 150 of the Howard Johnson restaurants acquired in 1985 to Big Boys. It has beefed up marketing efforts and is redesigning the menu and decor of Big Boy.

Despite these efforts, Marriott officials have acknowledged a substantial decline in Big Boy's financial results in 1986, largely because of soft conditions in the restaurant business and the administrative costs associated with transforming the system. With the Denny's acquisition, however, Marriott would

Amoco Moves To Shore Up Dome Takeover

OTTAWA — Amoco Canada Petroleum Co. Ltd., which faces growing opposition to its planned takeover of Dome Petroleum Ltd., said Friday that it would sell voting common shares to Canadians after the merger is complete.

Amoco Canada's president, Don Stacy, said Friday that the energy ministry had, from the outset, "undecided to us the importance of Canadians being given the opportunity to participate in the merged companies through a share issue."

Earlier, Amoco officials had said the merged company should remain privately held.

"The sale of financially troubled Dome to Amoco Canada, a unit of Amoco Corp., has been assailed by opposition political parties as giving U.S. interests too great a share in Canada's oil industry."

Testifying Friday before the Canadian Senate's energy committee, which is investigating the \$2 billion Canadian dollar (\$3.9 billion) offer for Dome, Mr. Stacy also said Amoco Canada might sell some Dome assets after the merger.

Morse Shoe Cites Better Bids Than Edelman's \$40 a Share

NEW YORK — Morse Shoe Inc., a chain of shoe stores, said Friday that it had received a \$40-a-share acquisition offer from the New York investor Asher B. Edelman, but that it also had received other "more favorable" proposals.

Mr. Edelman, who with Dominion Textile Inc. has bid \$2.5 billion to acquire Burlington Industries Inc., the textile giant, proposed \$30 a share in cash for Morse Shoe plus securities valued at \$10 a share.

He holds an 8.4 percent stake in the discount shoe company, which is based in Massachusetts. The face value of his bid was about \$200 million for the approximately 5 million remaining shares.

After the announcement Friday, Morse Shoe stock rose \$3.25 to close at \$42.625 in trading on the New York Stock Exchange.

The company declined to disclose the other offers it said it had received besides Mr. Edelman's. It had said earlier this year that it was seeking buyout bids.

Robert Siegfried, a Morse spokesman, said Friday that the company was "exploring alternatives" and would make a decision "in due course."

"The terms for the other proposals, all of which are in Shearson Lehman's view more favorable than Mr. Edelman's, are not being

Lufthansa Orders 4 More Advanced Boeing Jetliners

SEATTLE — Lufthansa AG, the West German airline, has ordered four more advanced-technology Boeing 747-400 jetliners and a 747-200 freighter, Boeing officials said.

The latest orders, valued at about \$650 million, increase Lufthansa's 747-400 orders to 10 and its freighter orders to six. Because of its advanced cockpit technology, the 747-400 can be flown by two pilots instead of three. The carrier holds five options for the 747.

Boeing said Thursday that it would begin delivery of the jetliners in February 1989 with six jetliners to be delivered that year. The final four will be delivered in 1990 and 1991. The new freighter will be delivered in July 1988.

Lufthansa said the jetliners would serve routes between West Germany and Singapore, Los Angeles, San Francisco, Hong Kong and Brazil. Boeing orders for the 747 family now total 792, of which 85 are for the 400 model.

GE, Union Carbide Appoint Counsel

By Arthur Higbee
International Herald Tribune

Two major American corporations have appointed new general counsel. The New York Times reports. Union Carbide Corp., heavily involved in litigation relating to its plant accident in India, promoted Joseph E. Geoghan from its ranks, and General Electric Co. retained outside for a prominent Washington lawyer, Benjamin W. Heineman Jr.

Mr. Geoghan, 50, was named executive vice president and general counsel to succeed John A. Sichen, 63, who is retiring after 32 years.

Mr. Geoghan moves up from deputy general counsel. He has been the Union Carbide lawyer responsible for dealing with litigation stemming from the accident in 1984 at the Carbide plant at Bhopal, India, in which more than 2,000 people were killed.

"I will continue to keep that role," he said. "My involvement is principally with the overall strategy, how we manage the case, and with attempts to secure a settlement." Carbide, based in Danbury, Connecticut, has hired outside lawyers for the actual trial work.

Mr. Heineman, 43, will join GE's

To Our Readers

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USDA Official, Daniel Amstutz, Is Resigning

WASHINGTON — Daniel G. Amstutz, who played a pivotal role in shaping the Reagan administration's farm program and in efforts to reduce global agricultural trade friction, is resigning as undersecretary of agriculture for international affairs and commodity programs.

No replacement has yet been named. A former general partner with the Wall Street firm of Goldman, Sachs & Co. and a grain trader in the Midwest, Mr. Amstutz, 54, said he had not decided what to do next.

Appointed in 1983, Mr. Amstutz said Thursday his resignation wasn't politically motivated. It was "time to leave," he said.

company strategy and that he plans to pursue other business opportunities. It said the chairman and chief executive officer, George F. Taylor, would assume the additional post of president.

Court Affirms IBM's Control Over Dealers

By David E. Sanger
New York Times Service

NEW YORK — International Business Machines Corp. has said that it won a federal court case brought against it by one of its personal computer dealers, in a decision that appears to strengthen IBM's hand against retailers who sell its products in the "gray market."

The suit was brought against IBM by Security Software of New Jersey, which at one time operated several Entree Computer Center franchises. IBM said Thursday that it had won the case.

The suit appeared to be the first to challenge IBM's right to control its distribution channel, a constant source of tension between the computer giant and its retailers. Many of them have said they need to resell the machines to other dealers in order to stay in business during the recent computer slump.

IBM ended Security Software's contract to sell IBM personal computers after the company obtained evidence that Security Software was reselling the machines to other dealers, who would then resell them

again at sharp discounts to the normal retail price.

Among those discounters that bought machines from Security Software, IBM said, were UCM Computer Products, a Canadian company, and 47th Street Photo, a New York City electronics retailer. IBM contended that about 79 percent of the 3,500 computers it shipped to Security Software in 1984 were diverted to other dealers.

IBM's contract with its dealers forbids them to resell its products to dealers like 47th Street, and the company refuses to honor warranties on computers sold by any dealer not authorized by IBM. Analysts said that the company wants to control distribution and prevent discounting. But IBM said it was simply trying to insure that only trained personnel sell its machines.

Security Software sued IBM after its contract was ended, charging breach of contract, fraud, conspiracy to injure business and violations of federal racketeering laws. Several charges were thrown out by Judge James Cacheris of the federal district court in Alexandria, Virginia. On Wednesday, a six-person jury found for IBM on all of the remaining charges.

"It is, in effect, a ratification of IBM's method of distributing computers," said Paul C. Saunders, a partner for Cravath, Swaine & Moore, which represented IBM in the case. "IBM can clearly restrict its dealers from selling to resellers."

Sumitomo Electric And IBM to Start 'Smart' Building

TOKYO — IBM Japan Ltd., Sumitomo Electric Industries Ltd. and three Japanese life insurance companies are creating a company to develop so-called intelligent buildings, an IBM Japan spokesman said Friday.

Using IBM's computer experience and Sumitomo's work in fiber optics, the company will create energy-efficient buildings with built-in computer and communications networks.

IBM Japan and Sumitomo Electric will each contribute 40 percent to the company's capitalization of 450 million yen (\$3.1 million). The rest will be split among Nippon Life Insurance Co., Sumitomo Life Insurance Co. and Dai-ichi Mutual Life Insurance Co.

The Japanese government has valued the market for intelligent buildings at 30 trillion yen over the next eight years.



STATE CEMENT CORPORATION OF PAKISTAN (PRIVATE) LTD.

SOLID IN PROGRESS

PAKISTAN CEMENT INDUSTRY MODERNIZATION PROJECT
GENERAL PROCUREMENT NOTICE

State Cement Corporation of Pakistan (Private) Ltd. (SCCP) has applied for a loan from the World Bank in various currencies towards the cost of procurement of plant and equipment and related services from suppliers in accordance with the guidelines for procurement under World Bank loans. Payment by the World Bank will be made only at the request of SCCP and upon approval by the World Bank, in accordance with the terms and conditions of the loan agreement and will be subject in all respects to the terms and conditions of that agreement.

Associated Cement, a proprietary unit of State Cement Corporation of Pakistan (Private) Ltd., is modernizing its existing wet process cement plant at Wahi in Pakistan by setting up a new facility with a sustained capacity of 3000 tons per day based on oil fired, single line precalciner technology.

The plant, equipment and services proposed to be procured from the proceeds of the World Bank loan and for which this invitation to tender is issued consist of the following packages:

1. Limestone crusher and transport.
2. Stacker and Reclaimer.
3. Main process equipment from raw material grinding up to cement storage.
4. Packing and loading equipment.
5. Electric motors, switch gears, distribution transformers and power cables for packages 1-4 except motors for special equipment and instrumentation which are included with the process equipment specified against packages 1-4.
6. 132 KV Grid Station.

Prospective vendors may apply, indicating clearly for which packages they wish to prequalify, to the Chairman, State Cement Corporation of Pakistan (Private) Ltd., at the address below. The application must include the following:


- (a) Experience of the firm in manufacturing similar type and capacity plants, details of equipment and accessories proposed to be subcontracted
- (b) Financial status of the firm including annual reports for the past three years.
- (c) Whether the firm has supplied similar equipment for the past five years including a list of customers, location, date of supply and commencement of operations and information on the above mentioned exclusions. Furnish details of performance guarantees, liquidated damages/claims made against the firm and involvement in arbitration.
- (d) Capability to engineer the equipment supplied.
- (e) Capacity and capability to manufacture the equipment in accordance with the delivery schedule; the order for the equipment is expected to be placed in later half of 1988 and the delivery period of the equipment should not exceed 12 to 18 months.
- (f) Whether the firm has developed its own type of equipment or manufacture under license; evidence that any equipment know-how licenses held by the firm are effective in Pakistan.
- (g) Capability to furnish operating manuals for the equipment to be supplied.
- (h) Capacity and range of manufacturing facilities.
- (i) Ability to supply the equipment conforming to the metric system.
- (j) Details or arrangements for representation and for providing after-sales services including future spare parts requirements in Pakistan and indication of willingness to establish satisfactory representation in Pakistan prior to negotiation of a contract, if successful.
- (k) Schedule for providing technical data and load data drawings after receipt of order.

All correspondence must be in English. SCCP reserves the right to verify all statements and inspect vendors' facilities to establish their capabilities to perform the work and reserves the right to reject any application without assigning any reasons there for.

SCCP will inform vendors who are qualified to participate in bids. They will also be advised to purchase tender documents against the prescribed fees and no further advertisement for tender invitation will be issued.

The closing date for the receipt of complete data/documents for prequalification is July 15, 1987.

DR IMTIAZ A. KHAN
CHAIRMAN



STATE CEMENT CORPORATION OF PAKISTAN (PRIVATE) LTD.
P.E.C. BUILDING
NEAR LIBERTY MARKET, GULBERG III
LAHORE, PAKISTAN
TELEX NO.: 44636 SCCP PK.

EASTERN: Texas Air's Cost-Cutting Leaves Many Staff Feeling Vulnerable

(Continued from first finance page)

representing those employees. But that could soon change, union officials said, noting that many of their members are looking for alternative careers.

"People are scared; people feel vulnerable," said an aircraft cleaner at New York's La Guardia Airport, who is seeking a license to sell real estate.

To Eastern's management and Mr. Lorenzo, slashing Eastern's costs is what matters most, even if that means a deterioration in service and giving up some markets.

The \$2 million before dividends that Eastern earned in the first quarter of this year is a big improvement from the \$110 million loss it had in the first quarter of 1986. However, it was not lower posts but a let-up in fare competition and relatively strong passenger traffic that were mainly responsible.

"To no avail so far, Eastern has demanded \$265 million worth of concessions from the International Association of Machinists, its most powerful union; \$114 million from the Air Line Pilots Association; and \$69 million from the flight attendants' union. In the meantime, we're still in a shrinking mode," Mr. Ashlock said.

Besides transferring the Airbus to Continental, Eastern has put 10 of its aging Boeing 727-100s and three Lockheed L-1011s up for sale. By next fall, the long-aging airline will have reduced its fleet to 270 planes, from 290 in January.

That is a sharp departure from

any reason has his record closely reviewed by a supervisor.

Since the policy was adopted, absenteeism among ramp employees at Hartsfield International Airport, in Atlanta, an important Eastern hub, for example, has dropped to about 5 percent, from 11 percent.

Some employees who regularly took sick leave when they were not ill, including two supposedly sick pilots found training to fly for Piedmont Airlines, have been dismissed.

The new management is also cracking down on theft. In a recent internal memo, John Adams, Eastern's vice president for human resources, said that at least \$6 million worth of liquor had been stolen on the ground or in the air. From now on, he said, employees suspected of theft, and their work areas, would be searched.

Meanwhile, Eastern's struggle with its unions over nonmoney issues is continuing. These range from job security to awarding work traditionally performed by union members to outside concerns.

Management teams are also scouring the company to find ways to reduce costs. Rather than making big cuts, as many union leaders and workers had feared, the reductions so far have been piecemeal. For instance, Eastern has trimmed only 259 of its 12,600 mechanic and maintenance positions. Still, Eastern estimates that these cuts alone will save it \$17 million a year.

But the productivity and cost-cutting campaign has also generat-

ed fear among even conscientious employees that they could lose their jobs. Some Eastern workers in New York and Miami said in interviews that they suspected Eastern's management was trying to get rid of higher-paid workers so that they could be replaced with cheaper workers. Eastern officials deny the charge.

However, many Eastern employees worry that Mr. Lorenzo will eventually gut Eastern, according to one observer close to Eastern's management.

"The stress at Eastern is very high these days," said this person, who did not want to be identified. "People feel that they are in limbo."

Interviews with some former Eastern workers and six Eastern employees, some of whom asked not to be identified for fear of losing their jobs, confirmed that assessment.

"A lot of people at work, including myself, just want to know what management is going to do so they can get on with their lives," said Mike Pedano, a funder at La Guardia. "They don't want to go out and buy a house, a car. Their lives are on hold."

Mr. Bakes has acknowledged in meetings with employees that some managers may have become overly zealous in trying to correct abuses. In some cases, though, management has backed off, he noted.

But he quickly added that such actions should not be taken as a sign that workers could go back to the old ways.

Shifting Planes At the Airline

Eastern currently has a fleet of 286 planes. Since the merger, planes have been leased or sold as follows:

- Three Boeing 727's Two sold to Kabo Air of Nigeria. One leased to McClean Airlines of Phoenix.
- Six A-300's All six sold or leased to Continental.
- Two L-1011's Both sold to Cathay Pacific.
- One DC-10 Plane was sold to Continental in October.

Source: Eastern Airlines

CURRENCY MARKETS

Japanese Budget Plan Lifts Dollar

NEW YORK — The dollar edged slightly higher Friday in New York and Europe against several major currencies, after getting a small lift from Japan's 6 trillion yen (\$42 billion) economic stimulus plan.

Table with 3 columns: Currency, Bid, Ask. Includes London Dollar Rates for Deutsche mark, Japanese yen, Swiss franc, French franc.

However, the dollar fell against the pound to \$1.6320 from \$1.6285, and edged lower to 1.5060 Swiss francs from 1.5065.

Unemployment In Japan Hits 3% And Ties Record

TOKYO — Japan's unemployment rate rose to 3.0 percent in April, equalling a record, from 2.9 percent in March, a government survey said Friday.

Unemployment In Japan Hits 3% And Ties Record

The survey, published by the Management and Coordination Agency, said the number of unemployed increased 80,000 in April from a year earlier, to 1.9 million.

JAPAN: Nakasone Unveils a \$42 Billion Program to Stimulate Economy

(Continued from Page 1) to the Diet this summer. It would be enacted as an addition to the regular budget of \$386 billion for the 1987 fiscal year that began April 1.

Some of that reduction will come from direct government purchases of foreign goods, much of which is expected to be U.S.-made products.

Western diplomat said. "They're confident that this will show prompt results in terms of economic restructuring and government spending, although it may not affect imports right away."

A possible controversy may arise over how much direct government spending is involved, an important point because many economists consider that the quickest method to encourage growth.

Euro-Commercial Paper

Table with multiple columns: Issuer, Maturity, Bid, Ask. Includes sections for 15-45 days, 76-105 days, 106-135 days, 136-165 days, 166-183 days.

Despite Borrowing Surge, Analysts Call Fed Policy Steady

NEW YORK — Despite a surge in commercial bank borrowing from the Federal Reserve last week, economists say the U.S. central bank has not tightened its monetary policy.

Borrowings from the Fed are the main gauge of the degree of pressure on banks' reserves, and thus of Fed monetary policy.

At the time, federal funds, the reserves that banks loan each other overnight, were trading at around 6.75 percent, well above the 5.5 percent discount rate that the Fed charges for loans from its discount window.

Jeffrey Leeds, of Chemical Bank, agreed. He estimated that the Fed is aiming for borrowings of about \$500 million to \$600 million a day, which would translate into a fed funds rate of 6.625 percent.

SCENE: New Economic Warnings

(Continued from first finance page) The present system is breeding serious instability in both the developed and developing countries, he contends in a new book, "Toward World Prosperity: Reshaping the World Economy System."

A better system, Mr. Friedman maintains, would involve a more equitable and stable pattern of exchange rates and a code of behavior to prevent unsettling capital movements.

Friday's OTC Prices. NASDAQ prices as of 4 P.M. New York time. Via The Associated Press.

Table with columns: High, Low, Stock, Div. Yld., Sales in 100s, High, Low, 4 P.M. Close. Lists various OTC stocks.

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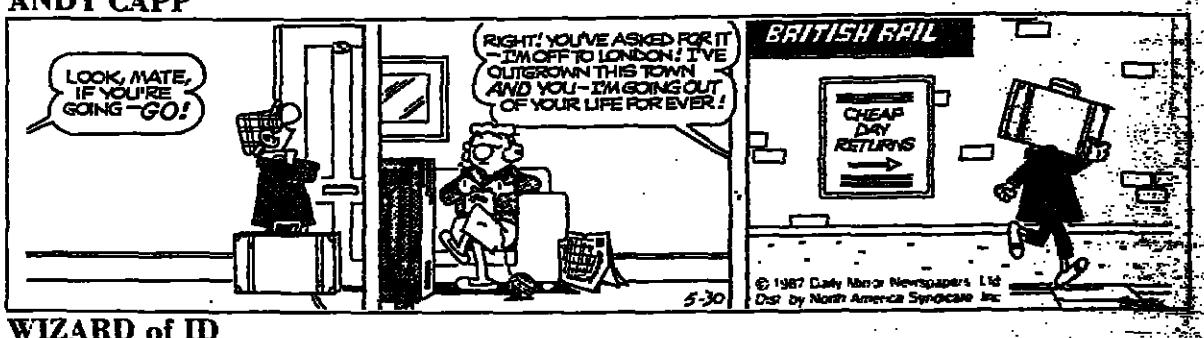
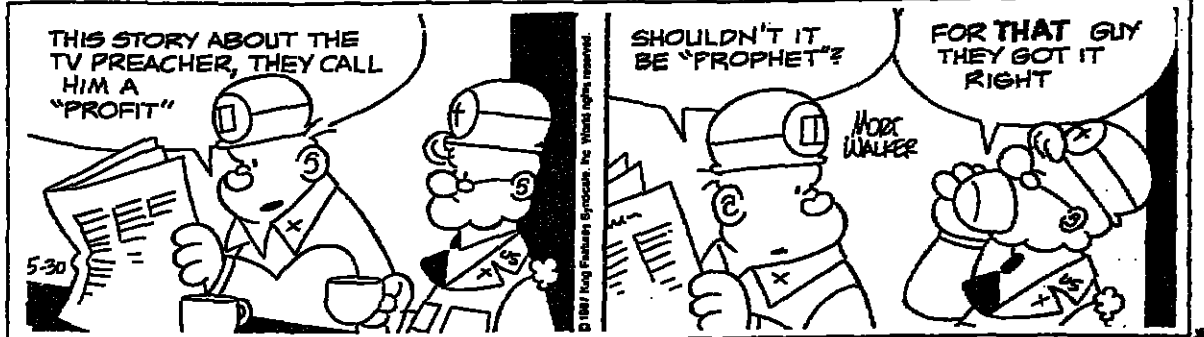
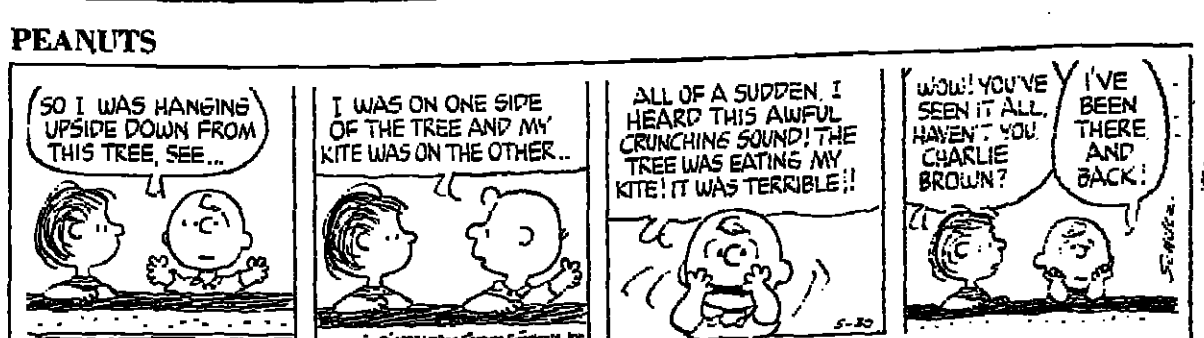
Table with columns: High, Low, Stock, Div. Yld., Sales in 100s, High, Low, 4 P.M. Close. Lists various OTC stocks.

Table with columns: High, Low, Stock, Div. Yld., Sales in 100s, High, Low, 4 P.M. Close. Lists various OTC stocks.

Friday's AMEX Closing. Tables include the nationwide prices up to the closing on Wall Street and do not reflect lists elsewhere.

- ACROSS**
- 1 Former TV late-show host
 - 5 Thirtieth vice President
 - 10 "Yet do I—thy nature"
 - 14 Breyer Macbeth
 - 18 Ingredient
 - 19 Manifest
 - 21 Hershfield hero
 - 23 Unicorn fish
 - 25 One wrapped in a fur
 - 27 Transmittal
 - 28 Doll up
 - 30 Pasch
 - 31 Thomas Gray, e.g.
 - 32 With lance in hand
 - 33 City in south central Pa.
 - 34 "Cakes and Maugham
 - 35 Dry, in Quito
 - 36 "Tam— Burns song
 - 37 Dullards
 - 40 A tropical islander has one
- DOWN**
- 1 Collagist's need
 - 2 Soviet collective
 - 3 Soap plant
 - 4 Turncoat
 - 5 End of being
 - 6 Nautical command
 - 7 Filigree material
 - 8 Tolkien creature
 - 9 Sovereign's staff
 - 10 Black, to Blake
 - 12 Marksman's act

Hidden Individuals By Warren W. Reich



- DOWN**
- 13 Citronella oil, e.g.
 - 14 American League N.V.P., 1978
 - 15 Pico de —, in the Pyrenees
 - 16 Fourth-annual anniversary gift
 - 17 Colorful aquarium fish
 - 20 Physicist Fermi
 - 24 Ponerologist's topics
 - 26 Of a certain problem grass
 - 29 A father-in-law of Esau
 - 32 Place for a British horse race
 - 33 Exchange premium
 - 37 Quahog
 - 38 Ankara dollar
 - 39 One starts with difficulty
 - 40 Dealer
 - 41 Crystal gazer's
 - 42 Hunted congers
 - 43 Eyelid problem
 - 44 One completes a monument
 - 45 Early Nebraskan
 - 46 Pure and simple
 - 48 Move like a gull
 - 50 Capital of India; 1912-31
 - 52 Bishop's headdress
 - 53 Star of "Catch-22"
 - 54 Anne of Austria, par exemple
 - 55 Paragon
 - 57 Electric catfish
 - 59 Seychelles money
 - 61 Riding academy
 - 64 Follower of Zeno
 - 66 Marzotto or maggio
 - 67 Pupil's pony
 - 68 Seine tributary
 - 70 Name in Mark 15:34
 - 71 Privy to 72 Actor Blore
 - 73 Poet Walter Mare
 - 75 Made clean
 - 77 People on pedestals
 - 81 Scenes in Nep.
 - 83 City SE of Cleveland
 - 86 — Ono
 - 87 Nativity scene
 - 89 Hat or hen
 - 88 Mid cigar
 - 90 Certain sorters
 - 92 Sailor stationed aloft
 - 93 Mortise's partner
 - 94 Famous name at Stoke-on-Trent
 - 95 Noted jazz pianist
 - 96 In a vulpine way
 - 97 Battle of — Gulf; 1944
 - 98 Skater Sonja
 - 99 Part of a de-cathlon
 - 100 Do an exterminator's job
 - 102 Htg. quantities
 - 103 Twenty quires
 - 105 Dockers' union
 - 107 F.D.R. measure

DEBUTANTE:

The Story of Brenda Frazier
By Gioia Diliberto. Illustrated 332 pages.
\$19.95. Alfred A. Knopf, 201 East 50th Street, New York, N. Y. 10022.

BOOKS

age of 17 in the strappless gown that was one of her trademarks.

Frazier's grandmother, Lady Williams-Taylor, was the wife of a wealthy Canadian banker. She was also a domineering harpy, with a string of doctile lovers, and a no-holds-barred social climber. Her daughter, Frazier's mother, was much less colorful, but she shared the same values, and it was preordained that Frazier would be a major focus of both women's ambitions.

Brenda's parents were divorced when she was 4. She became the subject of a bitter seven-year battle over custody that her mother eventually won — her father, an alcoholic, died not long afterward — and by the time she was 13 she was already wearing heavy makeup and expensive jewelry, staying out all night and being groomed for social stardom.

Diliberto gives a lively account of the debutante industry as it had taken shape by the 1930s, and of the journalists who serviced it — notably Maury Paul, who ran the Cholly Knickerbocker column, and who predicted that Frazier would be the belle of her season two years before she came out, when she was only 15.

Publicly like that helped to smooth the way for her; so did her formal coming-out party at the Ritz, attended by 1,400 close friends. It is hard, even so, to see why she attracted the amount of attention that she did. Perhaps a brief foray into the sociology of culture would have helped at this point.

At all events, the coverage she received really was enormous, and it remained no less intense after she had made her debut. When she entered a nightclub, somebody said, "the crowd parted like the Red Sea." An orchid was named after her; she appeared regularly in lists of the best dressed and most admired; Paul was at hand to comment in his characteristic way ("Tut tut and a few wood-wool's") when the rumors of romance that swirled around her turned out to be unfounded.

Eventually, after affairs with Howard Hughes and Peter Arno, she fell in love with a former football hero, John (Shipwreck) Kelly, and married him in 1941. When their only child, a daughter, was born the following year, they received cables from, among others, Cardinal Francis Joseph Spellman, Toots Shor and Irving Berlin. But by 1950 the marriage was over in all but name, and they were divorced in 1956.

In spite of one or two further romances, and a shadowy second marriage, the story of Brenda Frazier's later years — most of them spent in or near Boston — is primarily one of a retreat from the world; of compulsive drinking and dependence on a fantastic array of pills; of multiple suicide attempts that left her wrists crisscrossed with scars; of constant tantrums with servants; of diets that reduced her to a near skeleton and wrecked her digestion.

Was she crazy? The psychiatrist who treated her in her later years, and whose unorthodox techniques seem to have been what kept her going, diagnosed her as "a borderline personality." If she was, how much of that condition can be blamed on the ballyhoo that surrounded her when she was young? Hard to say, and it should be remembered that the thought of her fame was something that comforted her until the very end. (She died of cancer in 1982.)

John Gross is on the staff of The New York Times.

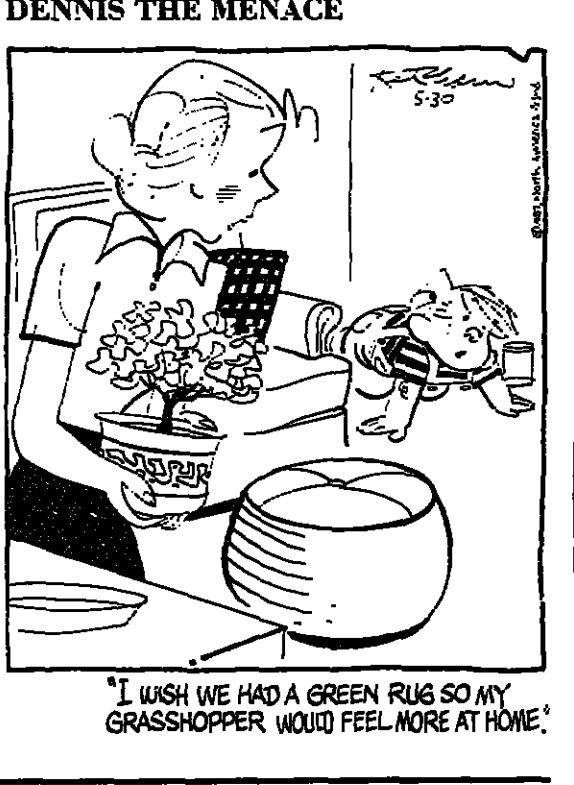


Reviewed by John Gross

It has been Brenda Frazier's fate to play the role of a fairy-tale princess twice, in two contrasting versions. As the debutante of the year, in 1938, she was taken up by the press and turned into one of the prime embodiments of the glamour for which the era craved. Now, in Gioia Diliberto's biography, five years after Frazier's death, she satisfies the current demand, possibly more mature, for fairy tales in which nobody lives happily ever after.

Diliberto has found the right tone for her book — reasonably sympathetic, a little strident, free from any trace of gloating. She has also conducted some very thorough research, including more than 300 interviews.

The illustrations include many items culled from Frazier's scrapbooks, and such souvenirs of her fame as her appearance on the cover of Life at the



Solution to Last Week's Puzzle

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681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697
698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714
715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731
732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748
749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765
766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782
783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799
800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816
817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833
834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850
851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867
868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884
885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901
902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918
919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935
936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952
953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969
970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986
987	988	989	990	991	992	993	994	995	996	997	998	999	1000	1001	1002	1003

World Stock Markets

Via Agence France Presse Closing prices in local currencies, May 29.

Market	Index	Change
Amsterdam	375.22	+1.25
Brussels	1739.18	+1.25
Frankfurt	3282.20	+1.25
London	2719.20	+1.25
Madrid	1115.20	+1.25
Paris	1271.20	+1.25
Stockholm	1115.20	+1.25
Zurich	1115.20	+1.25

Markets Closed

The stock markets were closed Friday in Brussels and Singapore for a holiday.

Market	Index	Change
Amsterdam	375.22	+1.25
Brussels	1739.18	+1.25
Frankfurt	3282.20	+1.25
London	2719.20	+1.25
Madrid	1115.20	+1.25
Paris	1271.20	+1.25
Stockholm	1115.20	+1.25
Zurich	1115.20	+1.25

WEATHER

Region	High	Low
EUROPE	15-20	10-15
ASIA	20-25	15-20

